

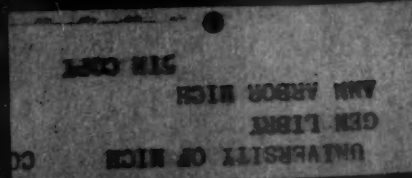
BUSINESS WEEK

NOV. 15, 1947



C. E. D.'s Raymond Rubicam: "The great opportunity . . . to combine tax reform with tax reduction" (page 6)

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INVENTION . . . the mother of necessity

At the turn of the twentieth century, America entered an era of productivity that was to astound the world. The invention of the rotary method of deep drilling for oil was to foster the automobile, the airplane, the Diesel engine, plastics, synthetic rubber, and many other developments. These, in turn, have long since become everyday necessities in the modern American way of life.

Through the efforts of an obscure young inventor named Hughes, who chose a Texas cow pasture for his laboratory experiments in seeking oil with the rotary rock drill of his own invention, the developments dependent upon volume production of crude oil survived! With the introduction of the Hughes Rock

Bit and its successful operation in drilling to unheard-of depths for oil deposits beneath the earth's surface, great volume production of petroleum in previously impenetrable geologic formations became possible. Volume production meant low-cost fuel for transportation . . . sparked the refining industry to fantastic accomplishment . . . gave birth to the synthetic rubber industry . . . and laid the cornerstone to an American economy that was to be the marvel of the age!

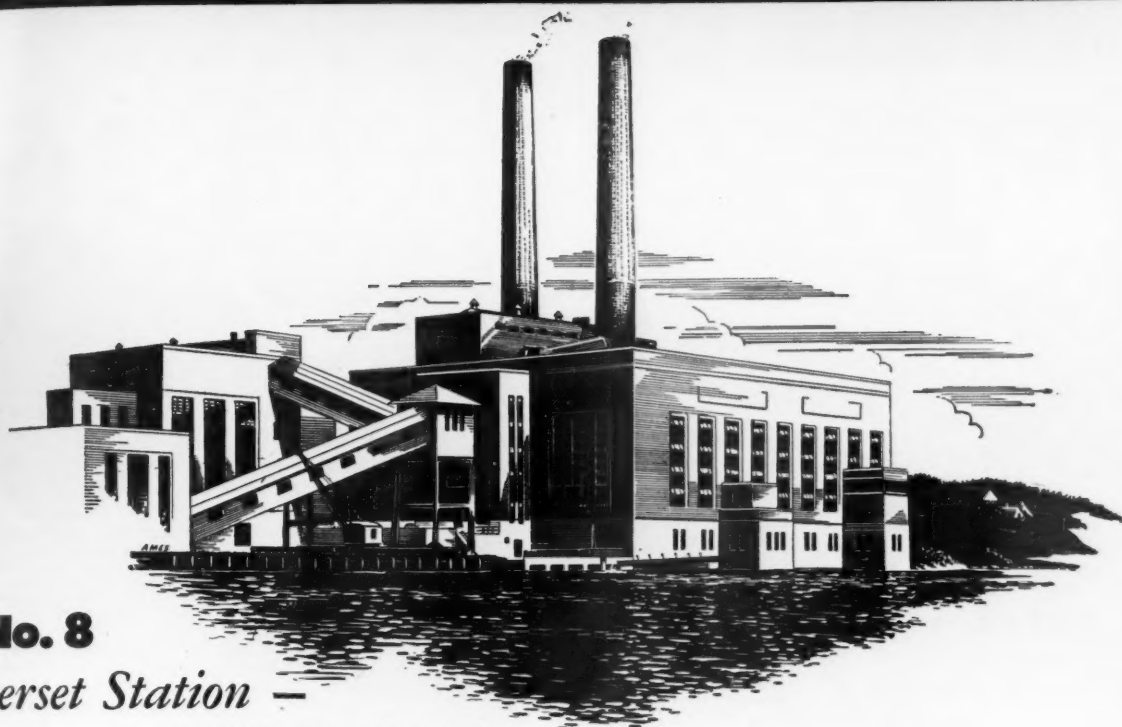
Since the development of the Hughes Rock Bit in 1909, the name HUGHES has symbolized universal leadership in every oil field on the globe . . . has merited the well deserved title, "World Standard of the Industry."



HUGHES TOOL COMPANY
HOUSTON TEXAS

WORLD STANDARD OF THE INDUSTRY

History-making power stations



No. 8

Somerset Station —

MONTAUP ELECTRIC COMPANY

IN a very real sense Somerset Station is a pioneer in the utility field.

Progress in steam generation for public utilities has been almost wholly along the lines of improved designs of conventional types of equipment and the adoption of higher steam pressures and temperatures. But use of the basic principle of natural circulation of water in boilers has remained the rule in American power practice.

It was truly history-making then, when, in 1942, the Montaup Electric Company of Fall River, Mass., installed a radically different boiler . . . a *forced circulation* boiler in which the water is circulated by pumps instead of being allowed to follow its natural thermal circulation. The principle of forced circulation had been used commercially in Europe but in connection with boilers of smaller size. This was the first application in an American power station and had the further distinction of being the first boiler to produce steam at a temperature as high as 960 deg. Fahr. It was also one of the two highest pressure boilers in this country. A major advantage was the adaptability of the design to the available space which permitted substantially higher capacity than could have been obtained from a

natural circulation boiler. Actually it was fitted into a space originally intended for a boiler with one-fifth of its capacity.

This drastic departure from conventional practice — watched critically by leading power engineers everywhere — required courage, because of the large financial risks, and engineering competence of a high order to solve the many technical problems. That Combustion Engineering, designers and builders of the boiler, the Montaup Electric Co. and their consulting engineers, Stone and Webster Engineering Corp., solved these problems has been demonstrated by the boiler's performance record over the past five years. Not only is it one of the most successful big boiler installations in the country, but it has proved that *forced circulation* affords important operating advantages for large power stations.

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ENGINEERING**

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The association of C-E with Somerset and many other power stations that have made history speaks for itself. The experience, special skills and advanced engineering that have brought about these associations are available to you, whether you need a boiler to produce less than a thousand or more than a million pounds of steam per hour.

These three factors are the unwritten plus-values in every C-E contract —

Knowledge — to solve today's, and tomorrow's, steam generating problems.

Experience — to interpret, from a world-wide background in every important industry, the specific needs of each installation.

Facilities — to manufacture complete steam generating units for every capacity from 1000 pounds of steam per hour up to the largest. B-180



...This Light Sheet Metal

Structure Provides the Easy Modern Way to

Partition Your Shop

OR

"Package" Your Product



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No Tooling—
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No Waste

Lindsay Structure is prefabricated to your exact requirements. Its assembly involves no cutting, no riveting, no welding, no waste. Capitalize its advantages, its lightness and strength, its ease of K D shipment, and its ease of assembly.

Here is your answer to the use of light sheet metal—the easy, efficient way—utilizing all the strength in the sheet through a patented method of uniform tensioning.

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THE MODERN METHOD OF LIGHT METAL CONSTRUCTION

BUSINESS WEEK

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BUSINESS WEEK • Nov. 15, 1947



LONG DISTANCE CALLS ARE MOVING FASTER

We're adding new circuits every day and service is improving.

Nine out of ten out-of-town calls go through while you hold the line. We can handle more calls, by more people, more of the time.

That's real progress but we're not boasting yet. Too many folks are still waiting for telephones. Some calls are still delayed.

We can tell you, however, that we're on our way to that happy day when everyone will get all the telephone service he wants . . . with speed, accuracy and of course with courtesy.

BELL TELEPHONE SYSTEM



WHICH DOOR HAS YOUR NAME ON IT?

1.

If this is your office, your antique dictation method is showing. Slow, tiring man-to-secretary dictation keeps two people busy on what should be a one-man job!



2.

Your name on this door labels you a more advanced type. The acoustic dictating machine speeds up work—but, for complete ease of operation and perfect tonal reproduction, just step into the office below.



3.

Ah! Electronic dictation. Up-to-date! Speedier! Greater accuracy! With a Dictaphone Electronic machine, you simply lean back, press a button, and think out loud. Every word—even a whisper—is clearly, electronically reproduced.

Dictaphone recording lets you relax—helps your secretary transcribe in record time, without error!

If your name isn't on *this* door, call your local Dictaphone office for a demonstration... See how much Dictaphone Electronic Dictation can help you—or write Dictaphone Corporation, Dept. D-11, 420 Lexington Avenue, New York 17, N. Y., for descriptive literature—today!



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Model AE, with either hand or desk microphone.

DICTAPHONE

Electronic Dictation

THE COVER

Raymond Rubicam, chairman of research and policy committee of Committee for Economic Development is an old hand at practical research work. And in his present job, he manages a stable of research workers that contains considerably better than a random sample of the best business and academic brains in the country.

• **Career**—Rubicam himself started at the age of 15 as a clerk, switched to journalism, then to advertising. In 1927 when he was just past 30, he helped set up Young & Rubicam, Inc., one of the biggest advertising agencies in the business.

From the beginning, Young & Rubicam was a pioneer in the introduction of scientific methods into advertising. And in 1932 it brought in Dr. George H. Gallup, then a professor at Northwestern University, as director of research. The methods that it worked out for measuring public opinions and testing audience reaction broke ground for much of the research that is common practice today.

• **Change**—In 1944, Rubicam decided to pull out of advertising to spend more time on work that "involves the study of political economy." He sold his share in Young & Rubicam, but has retained an interest in several other businesses, including the advertising magazine Tide.

At this point, C.E.D. spotted him as a natural for its research and policy committee and grabbed him. Two years later, when Ralph E. Flanders, chairman of that committee, was elected senator from Vermont, Rubicam took over the top spot.

• **Reputation**—As chairman of the research and policy committee of C.E.D., Rubicam is one of the key men in an organization that has built up a reputation for honest, painstaking thinking on tough economic problems. C.E.D. was formed in 1942 as a nonpartisan, non-profit organization of businessmen and professional economists. It had two objectives: (1) to plan for high employment and high production after the war and (2) to study the basic problem of what makes the American economy tick.

When the war ended and employment began to crowd the 60-million mark, C.E.D. decided the first part of its job was done. It liquidated its field development division, redoubled its emphasis on research.

• **Tax Study**—The latest product of C.E.D. research is the elaborate policy statement on taxes and budgetary policy released this week (page 26). It blueprints a program for revising not only the tax system but the whole approach to the federal budget.

BUSINESS OUTLOOK

BUSINESS WEEK
NOVEMBER 15, 1947



Business isn't running into a "credit crisis" like that of 1919-20. Yet the difficulties of raising new money worry many a management man.

New money is vitally important these days. High prices require big chunks of working capital to carry inventories and receivables. And the cost of plant expansion and modernization is alarmingly high.

It is a time for astute financial management. How to borrow, when to borrow, and what interest rate to pay present an increasing challenge.

All types of securities are harder to sell, loans are tougher to negotiate.

•
Bonds—Investors have not, for a decade, been so choosy.

Institutional buyers wait for prices they are sure are right. And if the "big five" insurance companies don't buy, new issues go begging.

Offerings of top-grade corporate bonds frequently have flopped because the price has seemed just a mite high. The result has been a general and continuous marking down of prices.

This hasn't been fully reflected in bonds sold long enough ago to run now as time-tested (page 91). So the market has yet to prove itself. Will new issues move up to meet listed prices, or vice-versa?

Confronted with this problem, many companies these days are going direct to the insurance companies. This bypassing of the open market may force some portfolio managers into second-grade stuff.

•
Preferred stocks—Weakness in price of new bond issues has a direct competitive influence on preferreds.

Cumulative dividend rates of $3\frac{1}{2}\%$ and $3\frac{3}{4}\%$ no longer are attractive. As the best bonds move toward 3% yields, preferreds have neared 4%.

Natural result would be "sweeteners" in preferred issues. Most familiar of these is the right of conversion into common stock.

This conversion option is a convenient tool of management. It permits raising of fairly cheap money now, anticipating better prices on common stocks later. It appeals to buyers who feel that common stocks are low.

•
Common stocks—Times aren't right for most companies to sell equities.

Common shares will go better if and when double taxation is eliminated.

Prices of common stocks now are low in relation to earnings and dividends (page 90). Thus, selling more shares would seem an injustice to present stockholders. It is a question of diluting present earning power of the equity.

The convertible preferred or debenture overcomes this disadvantage. It may be exchanged profitably for common only when share prices rise. This avoids the dilution to which common holders understandably object. American Tel. & Tel. has been very successful with convertibles for years.

•
Term loans—This once-popular method of raising money at the banks is running into tougher sledding.

Banks are asking higher interest. Some also feel that they have about enough of this business. Moreover, supervisory authorities have called, unofficially, for a slowing down.

Banks went in for this business because, payable in annual instalments, term loans provided spaced maturities. (Long maturities were taken by insurance companies.) And spaced maturities help keep banks liquid.

Too much of any kind of loan, however, doesn't promote liquidity. And

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
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insurance companies, now getting pretty much their pick of new securities at rates higher than term loans pay, have cooled to this business.

Commercial loans—Banks have been lending money to corporations at a record rate this year (BW-Nov. 1'47, p19), and they aren't clamping down.

But this isn't necessarily the best time for business to borrow. At any sign of significant turn in business activity, banks would begin to clamor for repayment. This always happens just at the time when business finds it hardest to pay up.

Under such circumstances, longer-term loans are probably indicated. This is true, at least, in businesses whose turnover isn't rapid.

Retained earnings—Corporate dividends have been held fairly low by management's realization of the present high capital needs.

Yet this runs athwart Section 102 of the federal tax law. This is the joker that theoretically limits profits retained in the business.

However, the Treasury's bark has been worse than its bite in respect to Section 102; and the courts have tended to side with the taxpayer. Present thinking in Washington high places is that any company that needs new plant or equipment can plow back earnings.

That contributes to prosperity and is just good commonsense.

Thus putting earnings back into the business would seem better than trying to borrow or to sell securities. There is always the fact, though, that management owes something to the owners of the business—the common stockholders who expect a fair deal in the matter of dividends.

High profits present American industry with a public relations problem. And it isn't one to be met with pious statements.

It is very true that much of today's profits are nothing but inventory appreciation. It is equally true that present rates of depreciation bear no resemblance to replacement costs. And it costs two or three times as much to bring in an oil well or to tool for a new-model auto.

But these facts don't impress the public—or your labor union.

Two corporations that have published earnings within the last few days take a realistic stand on depreciation and construction costs:

Chrysler Corp.—Net earnings for the nine months ended Sept. 30 would have been \$18-million after taxes instead of \$13-million; but \$5-million was deducted from income "to cover special depreciation."

E. I. du Pont de Nemours & Co.—Earnings are charged \$4.7-million in September quarter and \$15.2-million for the nine months as a "provision for excessive construction costs."

In reports to the Collector of Internal Revenue, such deductions may not be allowed from income. In fact, your auditor almost certainly will tell you that they are balance sheet reserves, not income offsets.

But your public relations chief will applaud du Pont and Chrysler.

High-level employment will be the real motivating factor in third-round wage demands. The cost-of-living will just be a talking-point; the same is true of the unions' pointing at corporate profits.

With unemployment now only 1.7-million, labor leaders know they can put across another boost. Only recession, unemployment would stop them.

FIGURES OF THE WEEK

THE INDEX (see chart below).

PRODUCTION

	% Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	96.9	96.1	96.8	91.2	97.3
Production of automobiles and trucks.....	105,022	1107,240	98,978	92,760	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$20,895	\$17,939	\$20,263	\$14,349	\$19,433
Electric power output (million kilowatt-hours).....	5,057	5,009	4,958	4,682	3,130
Crude oil (daily average, 1,000 bbls.).....	5,240	5,274	5,245	4,779	3,842
Bituminous coal (daily average, 1,000 tons).....	2,142	2,106	2,032	2,073	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	92	93	92	91	86
All other carloadings (daily average, 1,000 cars).....	65	66	65	63	52
Money in circulation (millions).....	\$28,635	\$28,519	\$28,632	\$28,750	\$9,613
Department store sales (change from same week of preceding year).....	+14%	+7%	+18%	+17%	+17%
Business failures (Dun & Bradstreet, number).....	72	70	62	25	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	447.0	445.0	446.8	359.3	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	290.6	289.0	279.0	230.9	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	392.4	387.4	391.4	299.9	146.6
Finished steel composite (Steel, ton).....	\$76.09	\$75.41	\$75.41	\$64.45	\$56.73
Scrap steel composite (Iron Age, ton).....	\$41.50	\$41.50	\$39.50	\$24.42	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	21.500¢	21.500¢	21.500¢	15.625¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.93	\$2.95	\$2.87	\$2.07	\$0.99
Sugar (raw, delivered New York, lb.).....	6.32¢	6.32¢	6.32¢	5.57¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	32.75¢	32.21¢	31.29¢	29.91¢	13.94¢
Wool tops (New York, lb.).....	\$1.863	\$1.820	\$1.779	\$1.380	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	23.88¢	23.00¢	18.80¢	22.50¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	121.7	122.3	122.3	118.2	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.41%	3.40%	3.34%	3.15%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.74%	2.72%	2.71%	2.59%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1 1/4-1 1/2%	1 1/4-1 1/2%	1 1/4-1 1/2%	1 1/4-1 1/2%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1-1 1/8%	1-1 1/8%	1-1 1/8%	7-1%	4-1 1/8%

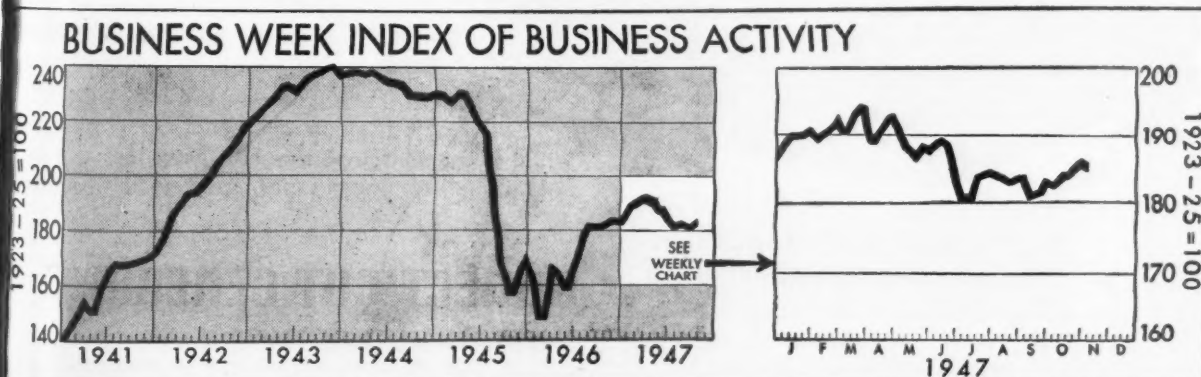
BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	NA	47,771	46,744	46,091	1127,777
Total loans and investments, reporting member banks.....	NA	65,034	64,710	66,053	1132,309
Commercial and agricultural loans, reporting member banks.....	NA	13,817	13,200	10,912	116,963
Securities loans, reporting member banks.....	NA	1,946	2,075	2,837	11,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	NA	38,192	38,374	43,231	115,999
Other securities held, reporting member banks.....	NA	4,270	4,278	3,391	114,303
Excess reserves, all member banks.....	1,010	820	1,140	637	5,290
Total federal reserve credit outstanding.....	22,640	22,789	22,852	24,107	2,265

*Preliminary, week ended November 8th.
†Revised.

‡Ceiling fixed by government.
††Estimate (B.W.—Jul.12'47,p16).

‡‡Date for "Latest Week" on each series on request.
NA Not available.



**EVERYONE HAS
A STAKE
IN EMPLOYEE
SECURITY**

Careful Management can see the saving

... inherent in employing specialized talent for specialized jobs. It may be expensive talent at first glance, but if the operation is performed better and more efficiently, it will invariably show a saving in the balance sheet.

Connecticut General's Protected Pay Envelope Plan, for example, can show management two important areas of saving. It coordinates employee security plans under one integrated program administered by professionals. In doing so, it eliminates a constant series of time-consuming individual decisions for individual cases, and places assistance for employees on a fair predetermined basis. No less importantly, it creates a feeling of security and employer-employee understanding that can pay very tangible dividends in improved production.

The Protected Pay Envelope Plan in its entirety includes Group Life, Accident and Sickness, Hospital and Surgical Expense insurance and a Retirement income for employees and can be installed in part or as a complete plan.

But is this plan applicable to your business? You can find out from Connecticut General's "Employee Security Analysis." This is a careful, thorough investigation of all factors affecting your employee security program. In many cases it highlights conditions overlooked by management itself. In all cases it is a valuable fact-finding operation from which recommendations applicable to a given organization's problems can be made. Your nearest Connecticut General office will be glad to discuss this service with you at any time.

**THE "PROTECTED PAY ENVELOPE"
BENEFITS MANAGEMENT**



**LIFE, ACCIDENT, HEALTH and
GROUP INSURANCE and ANNUITIES**

CONNECTICUT GENERAL

LIFE INSURANCE COMPANY

Hartford, Connecticut

WASHINGTON OUTLOOK



HOW BIG is the Marshall Plan? Don't get confused by all the figures that are flying around.

The Harriman committee, which tossed you a gam of figures last week end, was talking ordinary calendar years (page 22). Marshall talked the bobbledyhook of government budgeting to the Foreign Relations Committee; he tangled up fiscal years, interim aid, regular appropriations, etc.

What it all boils down to is this: We will be creating a European market of about \$7-billion a year for American goods—next year and the year after, anyway.

Lots of confusing numbers will be tossed around all the while that Congress is working on the Marshall Plan.

But there's no need to switch your business plans every time a congressional committee ups or downs a figure.

Actually, Congress can't do much about the total figure.

Truman's idea now is to have Congress put up about \$5¼-billion a year, get another \$1-billion—us through the World Bank and other sources.

If Congress listens to Taft and reneges on part of its share, Truman will just hit the bank for a bigger slice.

The bank doesn't relish this prospect of having concentrate on Europe's ills. The issue involved was fought out once before, when Wall St. got the State Dept. to accept a change in management from Meyer to McCloy (BW-Mar.8'47,p17).

Wall St. insisted then that the bank was a business institution and not an arm of the government. The Street won because the bank wanted to be there to get its money, pick its own projects to finance.

Today, bank officials concede that even with U. S. government guarantee behind their bonds, they could hardly float an issue in the present market—at least, not until they jacked up interest rates.

But the government can see to it that the bank gets the money—for jobs it wants the bank to do. Truman's strategists are confident they could talk some quasifederal outfit into picking up the bonds.

BEHIND THE FUSS over Marshall Plan costs, the issue really worrying the Administration is this: How far will Congress go in tying economic strings to European aid?

There will be some strings, of course. Examples: U. S. control over use of the stuff it sends; requirements that European governments adopt anti-inflationary policies, encourage domestic production.

These conditions will be spelled out in direct contracts with each nation.

What worries State Dept. policy-makers is talk, like Stassen's, that Europe must be forced to stop nationalizing industry as the price of dollar help. Even Anthony Eden—whose British Conservatives oppose nationalization—angrily rejects that one.

There's no real thought that aid would be turned down on any terms—though nations such as Sweden and Switzerland might be tempted.

But diplomatic pouches are full of warnings that middle-of-the-road governments forced to accept aid on humiliating terms might sign their own death warrants—by providing deadly political ammunition to their Communist oppositions (BW-Sep.6'47,p6).

Particularly disturbing is the resurgence of this "stop nationalization" talk just now—just when it begins to look as if the U. S. had Russia on the defensive in Europe.

The issue, however, won't die easily. It appeals to congressmen who think Socialism is as nasty a word as Communism.

We don't know yet how this is going to turn out.

"BUY AMERICAN" is out the window for the the Marshall Plan—so far as the Administration is concerned (page 107).

Secretary Marshall explained this week that when France buys wheat in the Argentine with American dollars, it's that much less pressure on U. S. wheat supplies.

Of course, the dollars will come back here from Argentina, but export controls can divert them to purchases that don't hurt so much.

All the same, Taft is on record that American dollars should be spent at home. And to many a congressman, "buy American" is still a sacred slogan. So, the Administration will have trouble keeping this window shut.

HIGH PRICE OF WHEAT has done the job the Luckman food committee set out to do—save 100-million bu. for export.

Latest Agriculture Dept. field reports fix total

WASHINGTON OUTLOOK (Continued)

wheat feeding to livestock at around 250-million bu.

That's 75-million bu. less than last summer's estimate by USDA experts; it's 100-million bu. less than the estimate of Truman's special Cabinet Food Committee.

How come?

Farmers are telling their county agents: Wheat-money looks bigger, surer now (or even after the turn of the year) than meat-money now or next year.

So, farmers are earmarking more of their harvest for sale, sending their hogs to slaughter at lighter weights.

THIRD-ROUND WAGE TIP?

International Assn. of Machinists, an independent union, is asking Northwest Airlines to give mechanics the same "purchasing power" for 40 hours as they had in 1942 for 48 hours.

Labor's original postwar demand for wartime take-home pay for peacetime work-week was realized last winter, on a dollar basis.

Now, the independent union tells Northwest, it takes another 18% to catch up with the cost-of-living.

FEDERAL REVENUES are bursting the seams of all previous estimates.

Government economists already see around \$45-billion in tax collections for fiscal '48. Last summer's Treasury estimate was just under \$42-billion.

A June 30, 1948, federal surplus bigger than the \$4.5-billion Truman mentioned last August is in sight—even after this winter's interim foreign aid and the first bite into the Marshall Plan.

For fiscal '49, the talk now is that Truman's budget will run around \$40-billion, including the Marshall Plan expenses. At present tax rates, that would mean another \$5-billion surplus next year—maybe more if inflation continues to swell government revenues.

All this bolsters the arguments of Republican tax-cutters in Congress. Next time the G.O.P. will make its tax cut stick, even over Truman's veto (BW-Nov. 8 '47, p15).

HERE'S A PREVIEW of what you can expect from Truman's Air Policy Commission, the so-called Finletter committee of five civilians:

(1) A recommendation that the U. S. buy at

least 5,000-6,000 new military planes a year. Previous goal has been for a procurement program in the 3,000-3,500 planes-a-year bracket. Now the commission is convinced that's too low, both for maintenance of a quickly expandable industry for security. But it rejects the idea of an "air force in being" big enough to fight any sustained war.

(2) A strong plea for encouragement of competition among plane makers in the development of new, better planes. This hits at some Air Force brass who would concentrate on bombers, for instance, with one or two producers.

As to commercial aviation, the Finletter commission will plug for a healthy, separate air-carrier business. There will be bitter words over CAB delay in action on the airfreight certification case.

But the commission will suggest no changes in the basic Civil Aeronautics Act.

The commission still hasn't made up its mind what to say on private flying; light-plane makers can't get together on what government policy they want.

The Finletter proposals are due to go to Truman by year's end, then to Congress—where they are sure to bring a howl about the cost.

Military expenditures already shape up as perhaps as hot an issue as foreign aid next year (BW-Oct. 4 '47, p15). The Finletter program would kick the outlay up still more.

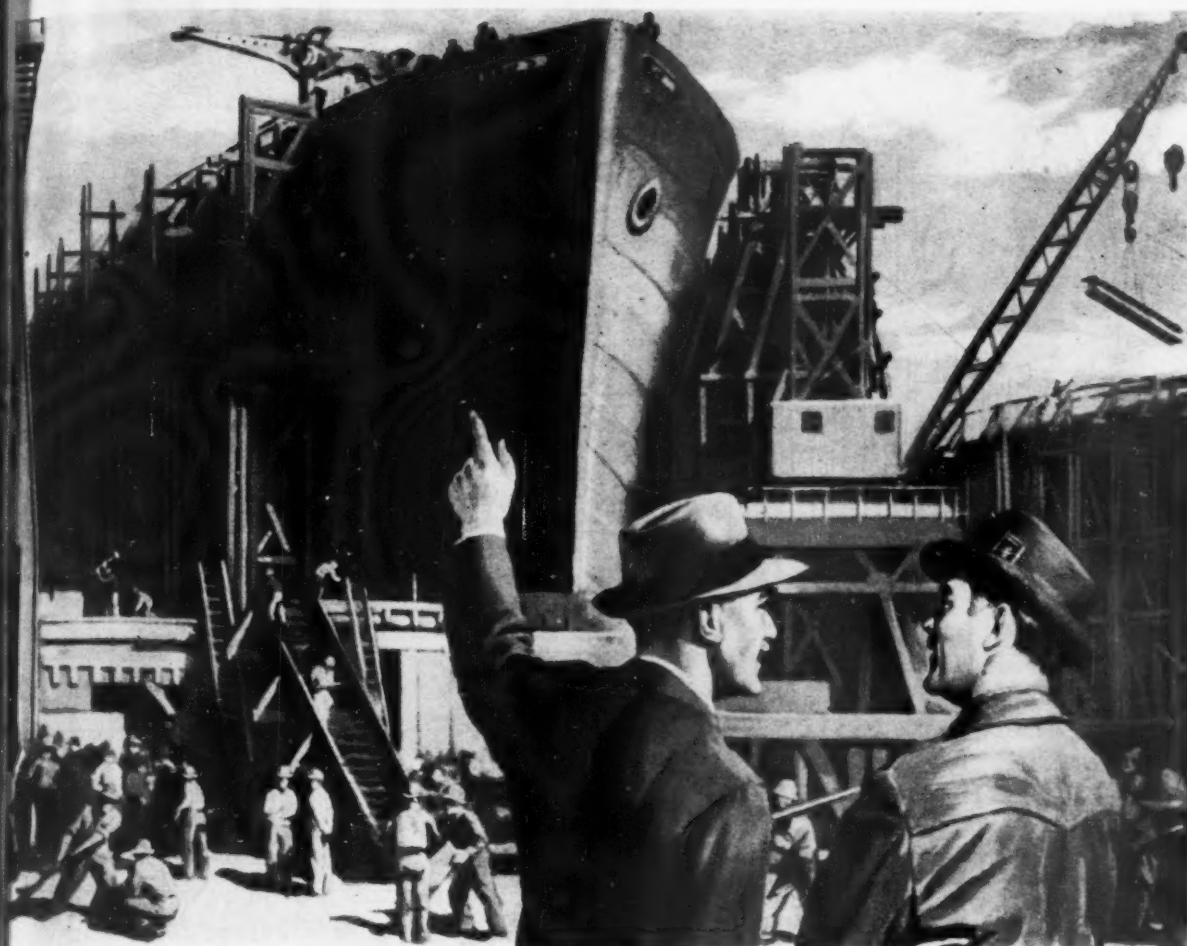
PACKAGE FREIGHT shipments account for most of the 20% jump in tonnage handled in recent weeks by the federal barge line on the Mississippi.

The freight-car shortage is a partial explanation but the real significance seems to be: Shelves are becoming well enough stocked that buyers can afford the slower—but cheaper—water transportation.

• Washington hears rumors that Henry Wallace is stepping out as editor of New Republic. The story doesn't include what he will do next. . . .

• Atom war note: The Army's officer training school in radiological safety and decontamination is being expanded to take in civilians with reserve commissions. . . .

• Bureau of Labor Statistics Commissioner Clegg is setting up a business research advisory committee of 15 to parallel the labor research group named last winter.



You may live 1,000 miles from the sea ...yet the Marine Industry helps You

A single ship often promotes prosperity for scores of inland communities . . .

Penetrating into world markets, the modern freighter from America disposes of thousands of tons of products made by workmen of inland factories. And the same ship brings back raw materials needed to keep thousands of American workers busy.

But there's more to the maritime industry than marine operations alone. In the Nation's shipyards are men who add speed, increase seaworthiness, and cut down the wear and depreciation of vessels.

The shipbuilding, ship repair, conversion and allied industries are continually improving precision machinery . . . engines, turbines, valves, pumps and gears to power the ship . . . and intricate instruments to steer her true. Whether powered by steam or diesel, ships built by these men make possible swift, dependable transportation in vessels that are unsurpassed for seaworthiness.

For years the technical staffs of International Nickel have cooperated with marine architects, engineers, metallurgists, research and operating men on a wide range of metal problems. To this extent they have contributed to the continuing improvements in marine construction.

Through this and comparable experience gained in technical service throughout industry, International Nickel has accumulated a fund of useful information on the selection, fabrication, treatment and performance of engineering alloy steels, stainless steels, cast irons, copper-base and other alloys containing Nickel. This information is yours for the asking. Write for "List A" of available publications.



THE INTERNATIONAL NICKEL COMPANY, INC. NEW YORK 5, N. Y.



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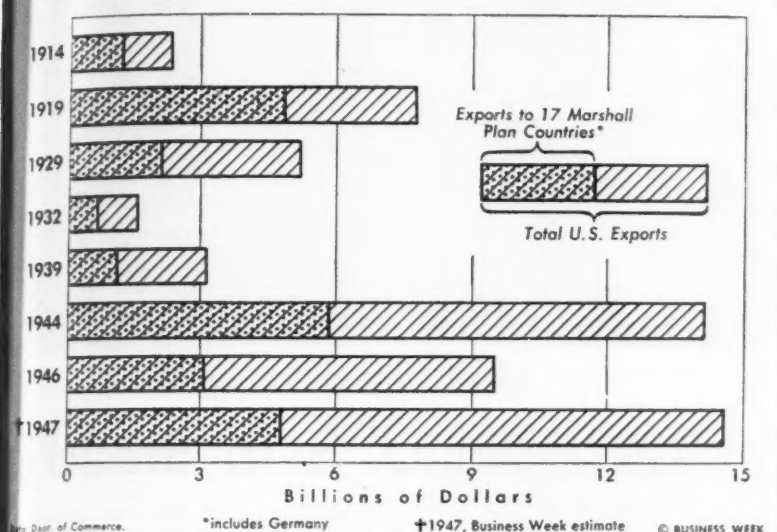
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GENERAL  ELECTRIC

CASH OR CREDIT BUYING OF MARSHALL PLAN COUNTRIES BULKS LARGE IN U.S. EXPORTS



Will Marshall Plan Succeed?

U. S. is taking a calculated risk, rather than a gamble, because tide has turned against Communism in Europe. Washington should control aid, but skillfully—or tide might turn back.

Just as Congress began formal consideration of the Marshall Plan, Ralph Smith, editor of Business Week, cabled the following dispatch from London. His up-to-the-minute appraisal of the situation in Europe comes after a three-month survey of the Continent.

LONDON—Gamble or calculated risk? That's the question Congress ought to ask itself as it confronts the Marshall Plan.

Bright Evidence—It's a question that's hard to answer even after three months of continuous looking and talking in all parts of Europe. But there is evidence in Europe today to support the calculated risk principle on which the secretary of State has based his policy.

TO CHECK COMMUNISM politically, prospects for success of the Marshall Plan in Europe look brighter now than at any time since the plan was proposed. The tide is turning against communism and, to a lesser extent, against Socialism.

FROM THE ECONOMIC ANGLE, it's now clear that Europe's crisis springs less from the lack of will to produce than from the war and post-war disruption of world trade. This

situation stands a chance of correction by U. S. aid.

RIGID POLICING of U. S. help would boomerang in Europe. But we could probably assure effective use of our aid in two ways: (1) Keep it on a short-term basis; (2) regulate its flow according to honesty and efficiency of use.

AT THE WORST, the alternative to the Marshall Plan is Communist political control of all Europe.

AT THE BEST, the alternative is a European economy completely controlled by an extended version of the Molotov Plan.

• **The Turning Tide**—There are many signs that a swing against the left has started. Among them:

• **Municipal elections** have just been fought on national issues, first in Rome and then in all France. They have shown that even the provisional promise of further U. S. aid is checking the Russian threat in Europe. The Communists lost momentum in both of these key sectors of their westward drive.

• **Municipal elections** in Norway have given relatively larger gain to the right-

wing parties than to labor. And Communism, which is less of an issue there, also lost votes in Norway.

• **In Britain**, where Communism is no issue yet, the Labor government took a definite beating in the recent local elections.

• **Gains for Democracy**—So far as these swings to the right are turns away from the Cominform, they represent distinct gains for democracy that Congress will want to hold. So far as they indicate returns to a restricting prewar conservatism, they obviously raise doubts. These will need an answer before our own relatively conservative country starts to celebrate. The swings clearly register a popular discontent with the results of Socialist planning. But the frightened, angry people on the Continent who have turned right this time will turn left if Europe's conservatives disappoint them.

Europeans, however, have their eyes fixed at the moment on the economic objectives of the Marshall Plan—restoration of Europe's economy and revival of world trade. These two goals are the immediately important ones when you believe that Communism comes after economic disaster. So if American public opinion is to guide Congress intelligently toward these economic objectives, Americans must see Europe as it really is.

• **Misconceptions**—The popular concept is that all Europe is starving. This idea stems from the belief that Europe lies in physical ruin, that it is not producing, and that it has no will to produce. Actually, all that applies only to Germany and, a little less, to Austria.

All of the invaded nations which suffered war damage have already done remarkable reconstruction jobs. In almost every one (except faction-torn Greece) industry is exceeding or crowding prewar production in some lines. And if it had the labor, the tools, and the raw materials for the job, it would be well on its way to doing the same thing in all lines.

Nothing in Europe's situation is more striking than the repeated contrast between the vigor in industry and the fumbling in government.

• **Technical Tragedy**—But the tragedy of Europe might almost be called a technical one. The very real hunger among the poor stems somewhat from German destruction and robbery, somewhat from the 1947 drought. But the chief cause lies in the continuing, war-born disruption of world trade.

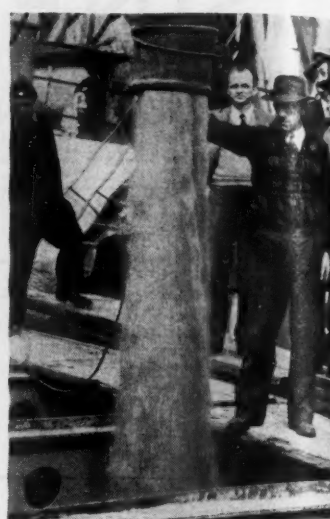
The important point is this: European countries desperately need gap-filling tools and materials to get them-



PURCHASED by a CCC agent. . . .



LOADED at Turner, Kan. . . .



SPOUTED into a U. S. ship. . . .

How Wheat Moves From U. S. to Breadlin

When you trace a shipment of relief goods from the U. S. to Europe, you are struck immediately by two things:

(1) The flow of any relief commodity generally follows the common route taken by commercial shipments.

(2) When the individual European finally gets it, he often can't tell where it comes from.

• **Buying to Receiving**—For example, take a typical carload of wheat (pictures). The purchase is made by the Commodity Credit Corp. at its Kansas City buying office. Tracy Cockle, the government buyer there, makes a purchase contract for immediate or future delivery.

In this case, the Kansas City agent buys a carload of No. 1 hard winter wheat on Oct. 15 for delivery by Nov. 1 "in storage, Turner, Kan." The Turner elevator then puts the wheat in a freight car.

The carload of wheat moves to the port of Philadelphia. There it is ordered aboard ship. When the ship reaches a European port, say Genoa, it is unloaded, sacked, and moved to consuming centers.

At the various consuming points, the wheat is ground into flour and distributed to bakers and other users. When the flour is made into bread, it is finally ready for consumption by the people for whom the relief is intended.

• **Mark of Origin Lost**—Usually the identity of the wheat as an American shipment is lost at the time it is unloaded in a European port.

When flour is shipped instead of wheat, its U. S. origin is not obscured quite so much. The flour is shipped in burlap bags labeled with the millers' names: for example, "General Mills" or "Pillsbury." But once the flour leaves dockside and is made into loaves of bread, of course, it does not have any identifying mark.

In the case of equipment, the identity is not so easily lost. The items carry the manufacturer's name on the product—"Caterpillar" or "International Harvester."

• **Little Fanfare**—Generally, for all U. S. relief products, shipments are not publicized very much in the receiving countries.

In France, most of the 8,000 flour mills recognize U. S. wheat

when they get it. But very few of the many small French bakers know how much of the flour they knead each night came from American wheat. Frenchmen talk about bread—about the poor quality and the meager ration. They know from the newspapers that even this ration can be met only with American help. But consumers don't know exactly how much of what they eat is made from U. S. flour.

In Italy, there is enough of a free press to publicize the fact that America is sending food and other goods. The label "Questo e un dono del popolo americano al popolo italiano" (This is a gift of the American people to the Italian People) on U. S. goods has become popular. But it doesn't show up on many U. S. items.

U. S. relief food is distributed to the consumer through municipal food offices. Coupons from ration cards are handed over together with lira—with prices far below those ruling on the free market.

In Austria, the government receives the U. S. shipments and sells to wholesalers and distributors at controlled prices. Eventually, the

selves back into normal world trade. The tools and materials must be bought from America with dollars. This was true after World War I (chart, page 19). But the need was not so great and Europe had greater resources. These included large net earnings from foreign investments and shipping.

Europe today couldn't earn enough dollars to cover the cost of American goods even if the U. S. had dropped all its tariff barriers at Geneva (BW—Nov. 8'47,p107). In 1948 Western Europe can't export to America more than about a sixth of what it wants to import.

• **Danger Signal**—In the past few weeks countries such as Britain and France have decided that all their dollars coming from exports or "emergency aid" must go for food and fuel. This is a genuine danger signal. It means the sacrifice of the very plans for capital goods purchases upon which increased



IN EUROPE, the bulk grain is unloaded, bagged at the dockside for the next step in the journey. . . .

lin Europe

food reaches stores where the housewife exchanges coupons for meager family rations. Sacks of flour received by bakers bear U. S. millers' labels, and cans which sometimes appear on barren store shelves are labeled. But the man in the street doesn't think or know much about the origin.

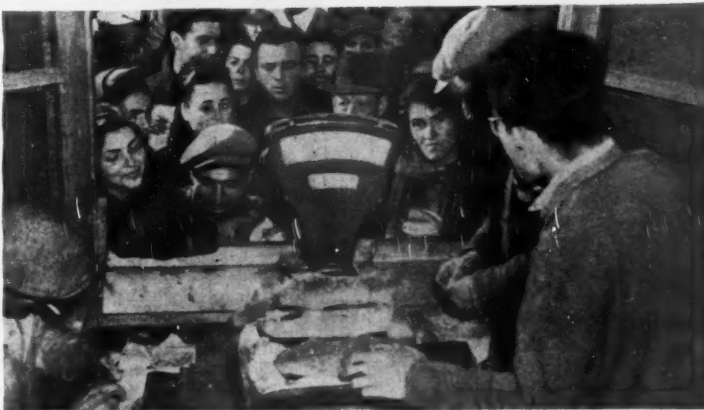
In Germany, the occupation authorities launch a campaign from time to time to tell the people that most of their food is coming from the U. S.

• **Russians Do Better**—U. S. government officials say that they do what they can with limited propaganda money to let foreign recipients know that the U. S. is helping them. But they admit that the Russians do a better job of it.

The contrast between the Russian and U. S. publicity on shipments to Western Europe is sharp. Last year a relatively small amount of wheat was sent to France from U. S. S. R. It was not given to France; it was sold. But when that wheat arrived, there was a big parade at dockside, complete with a band of musicians and banners bearing Communist slogans.



A TRAIN TRIP from the port to distribute the wheat. . . .



JOURNEY'S END: bread for the hungry people of Italy.

and factory productivity depend. If help from the U. S. does not cancel that decision—and soon—there will be further disruption to world trade, more inflation, more government control. There will also be less hope for any restoration of free enterprises—except in the stultifying form of black marketing.

• **No Simple Choice**—However, the kind of help that will stop this development is no simple choice. One possibility reported in London is that Congress will make a free gift of all the relief goods. For the rest, there will be a simple exchange of American supplies against European exports of strategic

materials for stockpiles in the U. S.

This sounds generous enough, but some experts think this scheme would lower Europe's incentive to export to the U. S. and cut down its capacity to earn new dollars.

• **Policing Question**—As the congressional session proceeds, friendly Euro-

pean political leaders will be uneasy when Congress gets to debating the question of policing the use of American aid. The stock charge against these leaders is that they are buying votes with Marshall Plan promises and selling their countries out to American imperialism.

There is a report abroad that American supplies and credits will be accompanied by American financial controls and followed by American financial detectives. It is already getting a "please don't" reaction in Western Europe's capitals.

However, no American can travel far in Europe without arriving at one solid conviction: It would be folly not to put our help on a year-to-year basis, with the follow-up dependent on results.

• **The Chances**—In the case of lend-lease there was a similar problem. We had to see that foreign government revenues derived from the sale of American supplies were ploughed back into the war effort.

Now we stand the chance of finding, when our great new experiment is over, that the money went down the drain—into the pockets of speculators and black marketeers. Already they are obtrusively doing very well at such old stands as Rome and Paris. And if they get between us and the mass of people we are out to help, we shall have simply paid for a Communist triumph in the end.

• **Controls Needed**—So Congress must have inspectors and control agents on the spot with full access to all information. But if Congress is smart, the agents would be installed quietly in embassies rather than set up in the open for propagandists to shoot at. Doing it that way would strengthen our goodwill without weakening our big club.

Pitiless publicity for the sins of fumbling European governments can still be the last resort. They should be used only after private pressure and off-record vetoes have failed.

As Congress goes to work on the Marshall Plan, Europeans have been given an interesting tip on the price of a rival plan. The tip came in a report by K. Zilliacus in Britain's anti-American New Statesman and Nation. It was about his visit with seven other left-wing Labor members of Parliament to Eastern Europe, climaxed by a call at Stalin's summer retreat.

• **The Price**—Zilliacus' report on the visit showed that the price of accepting an extension of the Molotov Plan to Western Europe is completely controlled economies. Without the Marshall Plan, Europe could be driven to that. With U.S. aid properly applied, Europe should be able to get off more cheaply. But there's a gamble for all of us in this, even if it seems like a calculated one.

How Much Will It Cost?

Harriman committee scales down Marshall Plan nation requests for goods. But its verdict is we should give them near what they ask for if they are to avoid Communism, help world recovery

Western Europe wants a little too much aid from the United States, and its own reconstruction hopes are too ambitious. But something near what the Marshall-Plan countries have asked will have to be provided Western Europe: (1) to keep it from going Communist; and (2) to make it a help toward—not a drag on—world prosperity.

That is the verdict of the 19-man committee of leading citizens headed by Commerce Secretary Harriman. Here are the main points of its report this week on the economic planning done last summer in Paris:

(1) Consumption goods requirements



PLANNER-IN-CHIEF

The Marshall Plan, as it finally gets to Congress, will be as much the product of one man as of 16 European nations and platoons of Washington experts. That man is 42-year-old Sir Oliver Franks, professor of moral philosophy at Oxford University, wartime Permanent Secretary of Britain's ministries of Supply and Aircraft Production.

He headed up the Paris Conference, where he had to ask a lot of questions. Now he's answering them. He has been in Washington, confronting a barrage from U.S. experts who are whipping the program into final shape.

laid out at Paris by the Committee for European Economic Cooperation is reasonable. The food, fuel, fertilizers are needed just to keep living standards at levels which, by 1951, will still be below prewar.

Nevertheless, the Western Hemisphere just can't meet the full requirements—particularly on food. Paris asks to keep up high current exports based on bumper crops. Unless weather is much better than expected, U.S. exports will have to be cut, perhaps as much as 20%. We have no fertilizer to spare. But the need is so great that it ought to export anyway, even if it hurt U.S. production.

(2) **On capital goods** the Paris planners went overboard, the Harriman group thinks. The planners are proposing to expand, modernize, and rehabilitate productive plant too fast. The countries couldn't stand the pace.

So, although Europe assumed that it would bear the greatest weight of plant expansion itself, the U.S. aid asks should be scaled down to match a more feasible program. We should supply less industrial equipment than they asked. And they'll need less industrial material than they think—something over half as much iron and steel, for instance.

• **Overestimates**—At Paris, Europe figured on a \$4-billion to \$5-billion expansion of its steel production (the U.S. steel industry is spending something over \$1-billion). Europe wanted about \$100-million a year of steel-mill equipment from us; half to three-fourths of that makes more sense.

Paris proposed an expanded power generating capacity of 5-million to 10-million kw. a year (the U.S. is installing about 4-million kw) and wants about \$150-million a year of equipment. The Harriman group would cut this to \$100-million to \$125-million.

In an effort to mechanize agriculture, CEEC wants Europe to import four times as much farm equipment as at present. After studying reports of U.S. salesmen in Europe, the Harriman committee thinks half that is all that can be absorbed.

• **Down to Earth**—All in all, CEEC estimated that Europe would need to import \$9.2-billion worth of goods from the Western Hemisphere in the first year. The Harriman committee scaled this down to \$7.3-billion.

CEEC figured it would take \$8-billion, net, in aid for the first year.

over the \$9.2-billion worth of goods needed. The Europeans counted on two things to make up the difference: (1) exports to America; and (2) a falling U.S. price level that would cut the cost of the goods needed from here.

The Harriman group thinks that this was too optimistic on both points. It doesn't think that the deficit in Europe's dollar balance can be cut as much as the amount of goods to be sent. It sets the deficit at \$6.9-billion. **Sources of Financing**—Of the \$6.9-billion deficit, something over \$1-billion could be met by the World Bank (page 15), by private lending, and by loans from other American countries, the Harriman group figures. It thinks that Congress should provide about \$53-billion the first year.

Beyond a year, the Harriman committee considers firm prediction impossible. But it estimates the total cost of the program to the U.S. Treasury at \$12-billion to \$17-billion.

Harriman's \$53-billion agrees closely with the figure State Secretary Marshall presented to Congress this week. Marshall used a 15-month figure of \$7.5-billion to get in swing with the federal budget for the year.

In general, it's expected that the official European reconstruction plan which the Administration will propose will mesh closely with the Harriman program.

Three Parts—For financing, the Harriman committee divides the program into three parts:

(1) Food, fuel, fertilizer, and such, needed just to keep Europe running—about \$3-billion the first year—should be an outright grant.

(2) Sound, long-term capital projects should be financed by the World Bank under its regular procedures.

(3) Intermediate programs for industrial goods, farm equipment, and the like should be handled through the Export-Import Bank as a special type of loan.

Special Corporation—To run the program, the committee recommends setting up a special corporation. Its head would be named the President; its board of directors would be made up of Cabinet officials and perhaps public members. A special joint committee of Congress would work closely with it.

The corporation would handle funds, or arrange for buying by foreign governments. It would direct Export-Import loans, plan the program, and settle claims as among different nations. It would handle or direct export control measures.

However, priority and allocation authority in the U.S.—the power to decide between foreign and domestic claims—would stay in the regular departments, particularly Commerce and Agriculture.



NEW CATALYTIC CRACKER at Philadelphia helps Gulf Oil meet rising demand. Gulf's \$20-million expansion calls for two more big crackers, at Cincinnati and Toledo.

Brightening Oil Outlook

Industry's fight to keep pace with soaring demand boosts petroleum production 10% over 1946, will prevent serious shortages this winter. But the only real answer lies in new capacity.

The nation's oil industry had long been fighting what it feared was a losing battle. No matter what oil men did to boost production, it just wasn't enough to meet soaring demand.

• Good News—But this week oil men got together in Chicago and took a hard look at their battle lines. They found that they were at least holding their own, maybe a little better.

Gathered at the 27th annual meeting of the American Petroleum Institute in Chicago, the oil men weren't ready to crow over an assured victory. But they knew that they had made great strides toward meeting an expected record consumption of oil products this year.

• No Squeeze, Maybe—That didn't mean that supplies were up to demand. But it does mean that, all things being equal, the industry can prevent any serious nationwide squeeze. This winter there will probably be spot shortages—particularly in fuel oil, and particularly in the Midwest and the North Atlantic states. Reason: These areas are far from sufficient crude supplies. Thus they must depend on transportation—the major bottleneck.

One of the brighter signs now is that the bottleneck is loosening up. Some months ago, the U.S. Maritime Commission released some idle tankers from the war-built government fleet. But

there was a catch. The ships needed overhauling and there were shipyard strikes. Now the strikes are settled (page 98).

• The Real Enemy—But there can still be lots of trouble. It would be caused chiefly by severe cold weather. Any deep freeze could make spot shortages spread like a contagious disease across much larger areas.

So, with an anxious eye on the thermometer, oil men are praying for a mild winter. And as a hedge against prolonged low temperatures the industry is still pleading for continued conservation by oil users, and for more tankers (BW—Nov. 8 '47, p. 22).

• Breakdown—The industry has good reason for its optimism: Its refineries expect to process 10% more crude this year than in 1946. A.P.I. economists size up the 1947 domestic petroleum supply situation as compared with last year like this (figures in millions of barrels):

	1947	1946
Crude oil.....	1,855.0	1,733.4
Natural gasoline, etc.....	127.7	117.2
Imports—crude oil.....	95.3	86.1
Imports—refined products..	57.7	49.0
Total supply.....	2,135.7	1,985.7
Daily average.....	5.9	5.4

• Always Upward—Despite this boost in output, demand still runs way ahead of

supply. In fact, forecasts of oil demand change almost weekly—and always the revisions are upward. For example: Early this year the experts put 1947 demand at 7% above last year's (BW—May 17 '47, p. 48). Later the estimate was boosted to 9%. And actual demand in the first nine months of this year ran 10.4% above 1946.

Moreover, there's no sign now that the big climb will level off any time soon. Oil men look for a demand in the fourth quarter of 1947 of 6,040,000 bbl. daily; a first 1948 quarter demand of 6,155,000 bbl. a day. That's a good way above both the wartime peak (5,641,000 bbl. daily) and the 1946 demand (5,321,000 bbl. daily). Thus, in spite of the increase in production of oil, there is still a big gap between supply and demand.

• **No Wider Gap**—The main problem now is how to keep the gap from widening. One tool, the industry figures, will be new oil pipelines now being built. It counts on these new means of transportation to loosen the supply situation somewhat late in 1948. And oil men feel that the gap isn't big enough to bring about a national gasoline shortage next summer. But they think that refiners will have to allocate supplies in the Midwest to just about the same extent that they did this year (BW—Jun. 28 '47, p. 24).

Meanwhile the industry is looking well beyond 1948. It believes that only a long period of construction and expansion will make it able to catch up once and for all with climbing petroleum demand. Most companies could use very happily right now the facilities that they have been planning in order to meet oil requirements several years hence.

• **Foreign Demand**—The main interest in this long-range planning stems from the growing demand for oil by foreign countries (BW—Apr. 5 '47, p. 85). B. Brewster Jennings, president of the Socony-Vacuum Oil Co., brought that fact home in his talk to the A.P.I. delegates.

The oil-thirsty U. S., said Jennings, is drinking up about 5.4-million bbl. a day right now. (Another 400,000 bbl. are going to export.) By 1960, the total domestic use will run 28% above the present figure. But the rise in foreign consumption will jump even more sharply. Consumption abroad (Russia excepted) is expected to soar 67% above the present 2.7-million bbl. daily by 1960.

• **Foreign Production**—In Jennings' opinion, all this adds up to one important thing: "With United States oil production running at about capacity to meet local demands . . . the prompt development of foreign sources of production is a 'must' if world demand for petroleum is to be satisfied."

Tire Price Hike

Industry-wide boost seen as General Tire leads with 7½% increase on passenger and truck casings.

Tire prices, soft since summer, are hardening again.

This week General Tire & Rubber (fifth biggest maker) slapped a 7½% increase on passenger and truck casings, 5% on tractor and industrial tires. Shortly after, Norwalk Tire & Rubber likewise put through a 7½% hike on its passenger and truck lines.

In the popular 6.00x16 size, General's wares hereafter will list at \$17.15, as against \$15.95 (in effect since June). This puts the price level on 6.00x16's back almost to where it was pre-June (\$17.30) and exactly where it was in December, 1941. Inner tube and airplane tire prices aren't affected.

• **Follow the Leader?**—That Goodyear, U. S. Rubber, Firestone, Goodrich, and others will follow suit is a foregone conclusion in the trade. Guess is that their boosts will be at least as big as General's, maybe bigger. On some lines—larger truck tires, for instance—the hop may be as high as 10%.

Only last June (BW—Jun. 21 '47, p. 20) all major tire makers slashed their list prices (from \$16.10 to \$14.40, on popular sizes, before the federal excise tax). They were worried that the market would soften, and jumpy over price moves on the chain and mail-order front.

Most makers have been sorry ever since that they got timid so soon. This summer brought the greatest driving season on record and a correspondingly strong demand for tires. What's more, this momentum has carried over into fall. Shipments have been running up to 10% over 1946's record high.

• **Little Cheer**—But the unexpected boom has brought only moderate cheer to Akron. Lately, in fact, wails over rising costs have often been louder than congratulations on the state of sales. Crude rubber, 14¢ a lb. in June, is now around 24¢. Freight costs are up about 10%. Selling and distribution outlays are running higher. All in all, since August manufacturers have been grumbling that their profit position is unsatisfactory and that tire prices would have to go up.

Meanwhile the tire industry is going into the home stretch of a banner production year. More tires are being made and shipped and more rubber consumed than in any other 12 months in tire history.

• **1947 Estimates**—Latest estimates put 1947 passenger tire production at 74-

million, as against last year's record of 466,000. Truck tire output will land in the neighborhood of 17-million compared with 15,832,000 in 1946.

Rubber consumption will run between 1,050,000 and 1,070,000 tons this year—about equally divided between synthetic and crude. When consumption hit 1,039,000 tons last year, servers thought they had charted a record that would stand for a long time. It won't.

NEW FORD BUS DISTRIBUTORS

Ford buses will henceforth be distributed through a new company, Metropolitan Motor Coaches, Inc. Confirmation of Metropolitan by several Ford executives was announced last week.

The presence of the Ford office confirms general belief around Detroit Stock in companies affiliated with Ford is the lure that's drawing a great number of top-priced executives to the Rouge (BW—Dec. 21 '46, p. 26). Among the directors of the new distributor firm—supposedly stockholders as well—are Ernest R. Breech, executive vice president of Ford; J. R. Davis, Ford sales director; and A. J. Browning, Ford purchasing director. None of these and none of the other stockholders—a stockholder of Ford Motor Co. the

William B. Livingston is president of Metropolitan. He was with G.M. Truck & Coach Division and its predecessor companies for 27 years. He joined the Ford staff last May, as a consultant to Ford coach stylists and engineers.

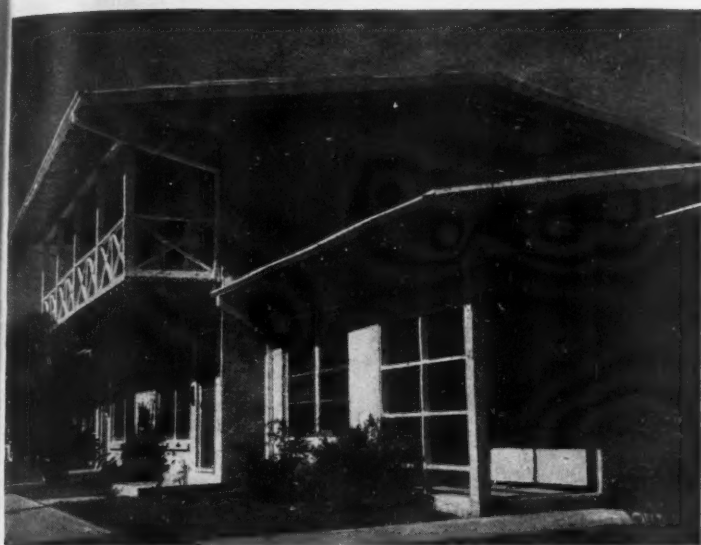
In connection with the new company, James W. Irwin has resigned public relations director at Ford. He has formed a corporation appointed Metropolitan to sell Ford coaches in the Cleveland-Buffalo-Pittsburgh territory. Irwin joined Ford last March.

STEEL DEAL APPROVED

U. S. Steel Corp.'s West Coast expansion plans got the green light last week. The government lost its first month suit to prevent Big Steel's wholly owned subsidiary, Columbia Steel Co. of San Francisco, from buying Consolidated Steel Corp., Los Angeles (BW—Mar. 1 '47, p. 16).

In U. S. District Court at Wilmington, Del., Judge Richard S. Rodman ruled that the proposed deal was not a violation of the Sherman antitrust law. He found that competition between Big Steel and its subsidiary and Consolidated is so slight that removal would not be a "prejudice to the public interest."

So Columbia is allowed to purchase a fabricator which last year turned over more than \$90-million worth of structural steel, pipe, and other products. The price tag is over \$8-million.



WAR HOUSES CONVERT TO G. I. COOPERATIVE

Dressed up with landscaping and other improvements, wartime emergency housing is winning a new place in the sun in Texas City—where last spring's disaster added to the construction problem. Under the G.I. bill, Frank Sharp, Houston builder, is selling cooperative apartments in Third Ave. Village to veterans at monthly rates \$8 to \$10 cheaper than rental on comparable housing. The development consists of 24 one-story and 12 two-story buildings. Cost runs from \$6,250 to \$6,750 an apartment.

What Will Special Session Do?

Stopgap relief for Europe is likely to be voted. But long-term aid program and domestic economic controls may run into heavy going. Tax-cut bill won't come up at all until next year.

Congress will begin next week shaping the economic climate in which U.S. business will operate for the next year—and maybe longer.

President Truman called the session to tackle two problems: European relief and the domestic price situation. Both problems have been under study since summer by White House agents and committees of Congress.

Program—The President's program breaks down into three sections:

(1) \$597-million of emergency aid to provide the three F's—food, fuel, and fertilizer—for France, Italy, and Austria until Mar. 31, 1948.

(2) An assortment of economic controls intended to prevent a continuing upward spiral of domestic prices.

(3) A long-range European recovery program.

First Order of Business—Congressional leaders gave priority to the \$597-million emergency relief request; hearings began this week before the Senate

and House foreign affairs committees.

Most Washington observers expect the emergency relief funds to be approved before Christmas. But there are signs of bickering and delay on both the economic controls and the long-range European recovery program.

Man With a Key—The key to how far Congress will go on economic controls is held by Sen. Robert Taft. He is in position to wield strong influence through his chairmanship of the Joint Committee on the Economic Report. He began laying the groundwork this week with a special committee meeting to receive reports of subcommittees which made coast-to-coast price studies in the late summer.

The White House program for economic controls has not yet been revealed. But it is likely to include requests for:

(1) Extension of export controls, which are scheduled to expire Feb. 29, 1948.

(2) Reinstatement of the wartime Regulation W requiring large down payments on instalment purchases. It expired Nov. 1.

(3) Authority to establish high margin requirements on commodity exchange trading.

(4) Authority to increase bank reserve requirements, and thus limit the amount of commercial credit available.

(5) Authority to impose priorities and allocation controls on steel and grain, possibly other scarce basic items.

Reaction—In his presidential campaigning, Taft has given some indication of how he and Congress might react to such a White House program.

The influential G.O.P. senator would like to see controls on instalment buying reinstated. He has no objection to extending export controls, but believes they need tighter handling. He would listen to Administration arguments for margin requirements on the commodity exchanges, though he doubts they would have anything more than superficial effect. He will insist on being shown that government priorities and allocations will do more good than harm to a free economy.

Substitute—Taft's own programs for price stabilization has five points: He believes it can be done by:

(1) Cutting government expenses.

(2) Reducing taxes (page 26).

(3) Exercising tightly the existing export-control powers.

(4) Organizing government buying for export so that it will exert less influence on domestic markets.

(5) Convincing labor that a new round of wage increases would inevitably result in further price rises.

Politics—A measure of political jockeying, aimed at next year's presidential and congressional elections, comes into the domestic price deliberations.

Democrats have blamed the Republican Congress for present price levels on the ground that it killed wartime controls too soon. Republicans have countered with the charge that government spending and high taxes are responsible. Some Republicans would like to take this opportunity to prove that no amount of government controls can stabilize prices until government spending and taxes come down.

Tax Cut Postponed—In any event, the special session offers the G.O.P. Congress absolutely no opportunity to try out its theory of cutting government spending and reducing taxes as a means of bringing prices down.

Even if Congress does some trimming on the foreign aid program, it can't do much in the way of reducing government spending at this stage of the game. And the G.O.P. leadership has decided not to try to run a tax-cut bill through the special session but wait for the regular session in January.

TAXES



REPORT TO THE BOSS: Roswell Magill (right) files his advisory group's tax recommendations with Rep. Harold Knutson, chairman of the House Ways & Means Committee

Reforms Urged on Congress

Both Magill group and C.E.D. agree that many tax changes are needed. Both want load on middle incomes lightened, and a cut in double taxes on corporate dividends. Magill would keep excises.

Inflation plus an uneasy peace have made wastepaper out of most of the ambitious proposals for federal tax reform started during the war.

• **New Crop**—Now a new and more realistic crop of plans is coming up. A week ago, the House Ways & Means Committee's advisory group, headed by Roswell Magill, took the wraps off its long-awaited report. And this week, the Committee for Economic Development released a comprehensive program in the form of a policy statement. It's labeled "Taxes and the Budget: A Program for Prosperity in a Free Economy."

The Magill report contains no surprises. It is less a program than a series of disconnected recommendations.

• **Magill Proposals**—Nine of the ten members of Magill's committee steered clear of specific suggestions on rates and exemptions. Most of their recommendations deal with "major structural improvements in the tax system," thus:

PERSONAL INCOME TAXES:

Cuts in the near future are urged, especially in the middle and upper brackets.

SPLITTING INCOME: The privilege of dividing income equally between husband and wife in tax returns, regardless of who earns it, should be extended to all taxpayers. This would put the whole nation on the system now in effect in "community property" states.

DOUBLE TAX: Socking corporate dividends twice should be ended, in part. The stockholder should get a tax credit on dividend income equal to the amount of his dividends multiplied by the first bracket personal income tax rate.

EXCISE TAX: Retain and strengthen this structure.

In addition, the majority of the Magill committee wants some 30 changes—most of them fairly technical—in present tax laws. They would cover: family trusts, intercorporate dividends, stock purchase plans, corporate reorganizations, depreciation, capital gains taxation, estate and gift taxation. All the changes would favor the taxpayer.

• **Minority Report**—The tenth member of the committee—Matthew Woll of the American Federation of Labor—

refused to go along with the majority. He issued a stinging minority report, attacks the recommendations of the rest of the group on almost every point—including its refusal to get down to brass tacks on rates.

• **C.E.D. Plan**—The plan drawn up by C.E.D.'s research and policy committee—a revision and expansion of a policy statement on taxes issued in 1944—is a complete program. It covers not only taxes but federal budgetary policy as well. The result is an integrated program for federal finance.

Backbone of C.E.D.'s program is what it calls the "stabilizing budget policy." Under it, tax rates would not vary from year to year. Instead, Congress would set rates and exemptions so that the budget would show a fairly sized surplus in good times. After that it would leave the rates alone, regardless of what the swings of the business cycle did to revenues.

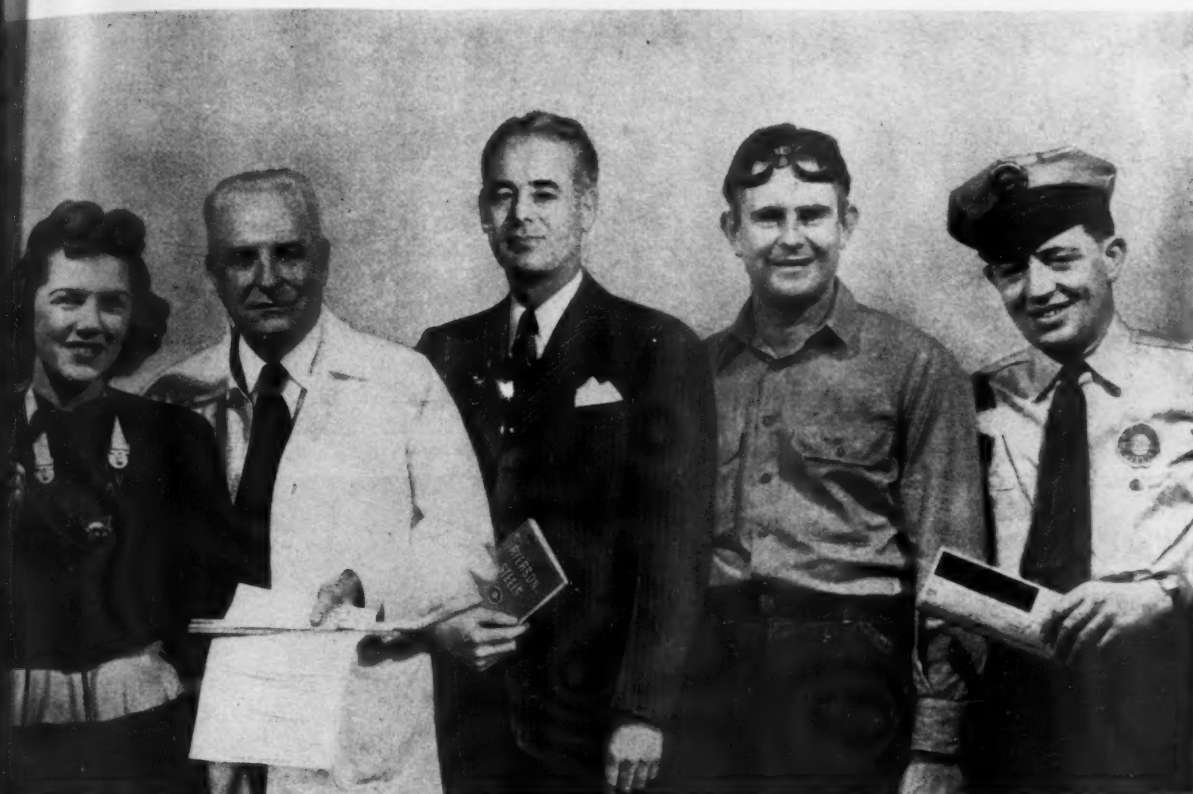
• **Cushion**—Thus in boom times, the stabilizing budget policy would produce large surpluses. In a slump, there would be a deficit. But surpluses and deficits would have a contracyclical effect. They would tend to cushion swings in income and keep buying power more stable both in good times and in bad.

Incidentally, when it talks about the budget, C.E.D. means the "consolidated-cash" budget; this is somewhat different from the conventional budget that the President sends to Congress each year. The consolidated-cash budget includes all receipts and payments that pass between the government and the public, regardless of how they show up in the federal accounts. In ordinary times, the main difference between the consolidated-cash budget and the conventional budget is that the consolidated-cash budget includes social security receipts and payments.

• **Premise**—In tackling the problem of taxes, C.E.D. starts by applying its "stabilizing budget policy" to the revenue requirements that it foresees for the future. It assumes that in the early 1950's, the federal government will be spending about \$30-billion a year. So says C.E.D., taxes should yield about \$33-billion under high employment conditions—\$30-billion for expenses and about \$3-billion for debt retirement. C.E.D. then sets up a tax system to meet these assumed revenue needs.

In many respects, C.E.D.'s thinking parallels that of the Magill committee. Both groups particularly want to ease the tax burden on middle and upper incomes—where it has its most repressive effect on incentives. Both think corporation taxes should be whittled down. Both want the double tax on dividends removed as soon as possible.

• **Differences**—Main difference between the two groups is over excises. C.E.D. wants to trim down the list as fast as possible. The Magill committee wants



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President: That plant site we've located up there in Elmira seems to be about what we're looking for. Of course, we need more information on conditions generally in that area.

Vice President: What's the best way to check up? We'll need to get the inside story and make up our minds in a few days.

President: Well, there's one thing we might do. Call the Marine Midland Trust Company, and see what they can tell us—there's a Marine Midland Bank in Elmira.

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to expand it. This reflects a basic difference in their approach to budgetary policy. Magill believes in balancing the budget each year even if it means raising rates in depression. Therefore, he likes excises, which produce a much more stable yield than income taxes.

Here are the main C.E.D. recommendations for long-run reform:

Individual income tax—Retain the present exemptions (\$500 a person) but set new rates, starting at 11.5% on the first \$1,000 of taxable income and reaching 50% at \$100,000. Graduation in rates would continue up to 77.5% on taxable income over \$1-million. (Present rates start at 19% on the first \$2,000; they reach 50% in the \$18,000

to \$20,000 bracket; they hit a high of 86.45% on income over \$200,000.) Extend the income splitting privilege to all husbands and wives.

Corporate taxes—Reduce the corporate income tax (now 38% to 54%) to 30%. Make a start toward eliminating the double tax on dividends. This could be done by treating an amount equal to dividends multiplied by the highest bracket income tax rate as taxes withheld by the corporation for the account of the stockholder. Give corporations more latitude in charging off depreciation against earnings. Allow a one-year carryback and a five-year carryforward of business losses.

Excises—Repeal all excises except



NEW ADDITIONS TO GROWING STORE FAMILIES

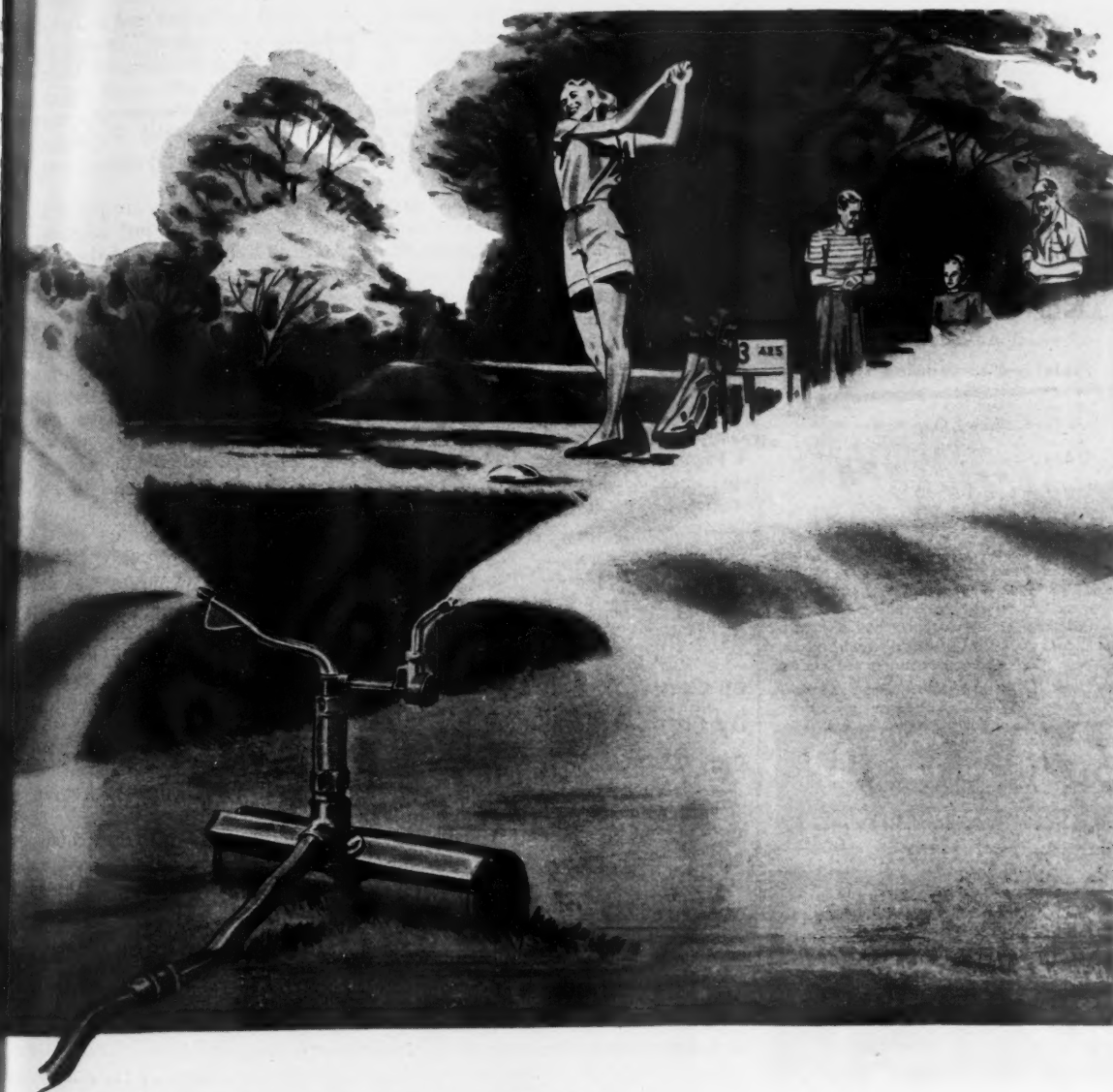
Two new department stores point up the trend toward retail face-lifting. One is Western Auto Supply Co.'s de luxe outlet (above) at Kansas City, Kan.; the other is Burdine's new branch at Ft. Lauderdale, Fla. (below). Burdine's colorful, air-conditioned structure claims to be the largest department store between Jacksonville and Miami. Western's is departmentalized into automotive, home, and sporting goods shops. Its open-shelf displays, like those of a supermarket, suggest it may look for competition with supergrocers, who are handling increased stocks of soft goods.



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1947



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those on alcoholic beverages, tobacco, and gasoline. (This would cut the yield of the excise system about 50%.)

• **First Steps**—On the question of tax cuts in 1948, C.E.D. takes a wait-and-see attitude. If the price situation is out of hand, it says, tax reduction next year might be dangerously inflationary. But as soon as inflation is under control, it hopes to see a start toward its program. As a first step, it suggests this package:

- Individual income tax rates halfway between the present system and the one C.E.D. recommends for the 1950's.
- Income splitting for husbands and wives.
- End of excises on transportation and communications.
- Partial end of the double tax on dividends.
- A five-year carry-forward and one-year carry-back for business losses.

Tug-of-War

Opponents set for fight on co-op tax status. But backed by strong farm bloc, co-ops think they'll win.

Farm cooperatives have a real fight on their hands in current congressional hearings on their tax status. But they cockily think they will come out on top.

The tax tug-of-war is now going on before the House Ways & Means Committee. In 10 days of hearings, scheduled to end by Nov. 25, 50 witnesses, pro and con, plus spokesmen for the Treasury Dept. will have their say.

• **Anticooperative**—Leading the anti-cooperative forces is the National Tax Equality Assn., veteran fighter for taxes on co-ops. Ben McCabe, head of N.T.E.A., is one of the star witnesses. So is Fulton Lewis, Jr., Mutual radio commentator, who has been socking the co-ops in his broadcasts—and who got read out of a Maryland farm purchasing co-op because of it.

Opponents of the co-ops are hammering away at two points:

- Why should federal tax laws favor certain farm co-ops by exempting their income from taxation? By contrast, non-co-op businesses must pay heavy taxes on their earnings.
- Why aren't patronage refunds taxed—just as corporation dividends are first taxed as earnings?

Spokesmen for the co-ops admit that the opposition has made some telling points. But they don't think they will lose on either score.

• **Political Aspect**—For one thing, the political wheels are grinding in the co-ops' favor. This summer, Rep. Walter Ploeser's House Small Business Commit-

tee stirred up farmer and co-op resentment by investigating "co-op competition with small business." The current hearings, while not connected in any way with the Ploeser investigation, nevertheless give the Republicans a chance to square themselves with the farm bloc.

Also, co-op leaders are pretty happy over a special report just issued by the Tax Research Division of the Treasury Dept. It is packed with facts and arguments on both sides of the co-op question. And while the Treasury carefully parts its hair in the middle, it leaves a clear impression that—aside from the question of equity—administrative problems of changing the tax status of co-ops are just about insuperable.

• **Co-op Contention**—On patronage funds, the co-ops contend they are the same class with mutual insurance companies, mutual savings banks, and lots of other nonprofit enterprises. They argue that they do business at cost, turning any overage to their patrons.

Opponents retort that co-op refunds are often mere paper refunds—shares of stock. The actual cash is used by the co-op for expansion. But the co-op point to federal and tax court decisions that patronage refunds in the form of additional equity in the co-op are permitted in the contract between the co-op and its members.

• **Advantage**—On the question of special tax privileges, the farm organizations admit that there is a clear advantage to those co-ops that issue stock. These groups pay no tax on income used to pay dividends, whereas a corporation does.

• **Loss**—The actual amount of money lost to the government is small according to Treasury figures—about \$10-million to \$20-million in taxes altogether. Nonetheless, that's enough to stir up trouble. Many a businessman, noting the growth of co-ops, is in no mood to let them have any advantages, even if small.

BONUSES NOT TAXABLE

Lincoln Electric Co. of Cleveland has won its long battle with the Bureau of Internal Revenue over the famous Lincoln bonus system.

Last June, a federal circuit court held that Lincoln's huge profit-sharing payments to employees in 1940 and 1941 could be deducted from taxable income. Now the Tax Court has buttoned up the case. It has ruled that the circuit court's decision leaves it no further power to pass on the reasonableness of the payments.

This saves Lincoln a sizable block of taxes. At the same time, it gives final tax clearance to the unorthodox but highly effective methods by which Lincoln boosts production.

CAMERA VISITS INDUSTRY

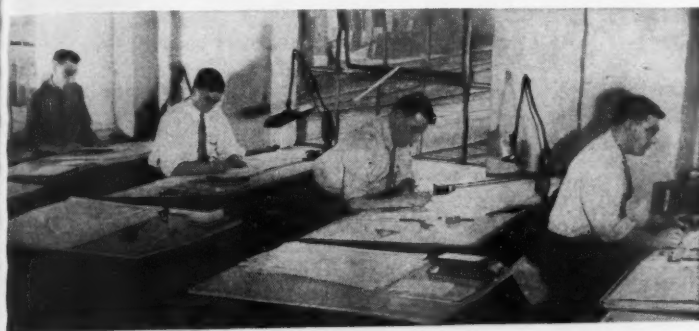
Inside a Steel Research Laboratory

Once upon a time, the word "laboratory" was linked just with the science of chemistry. Today, when applied research means dollars saved, more and more industries have laboratories.

In the steel industry, for example, the growth of laboratory research keeps pace with steel production expansion. Typical of steel

research centers is Republic Steel's Process & Product Development Division. Its purposes: to aid production and keep customers happy.

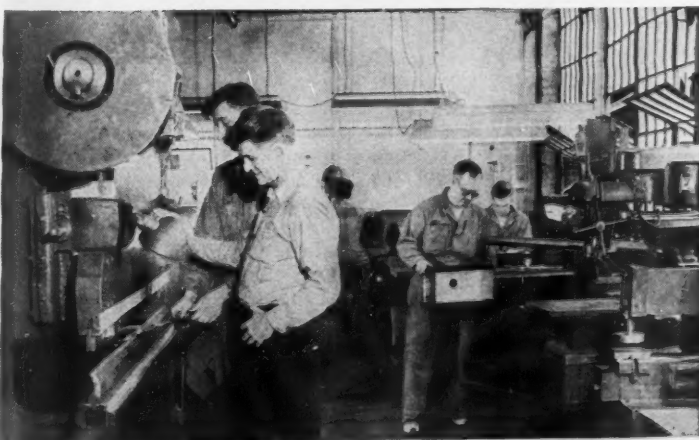
There are many facets to the division's laboratory work. Most of it falls under these headings: (1) planning, (2) chemical analysis, (3) test production, (4) plating, (5) stress and strength testing.



1. Development ideas first are set down on paper



2. Chemical analysis is a "must" on most projects



3. Ideas become products in the metal shops



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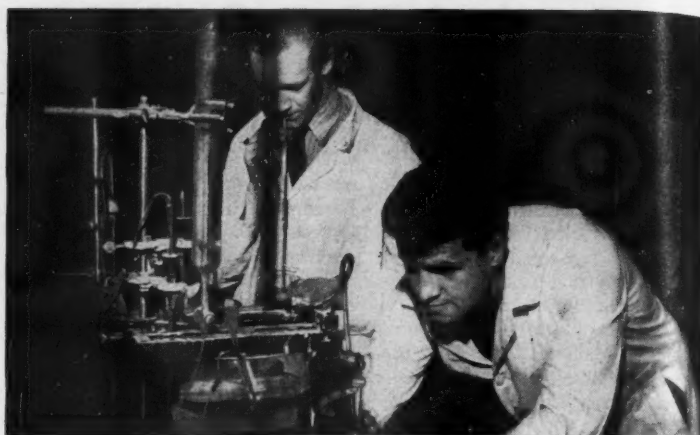
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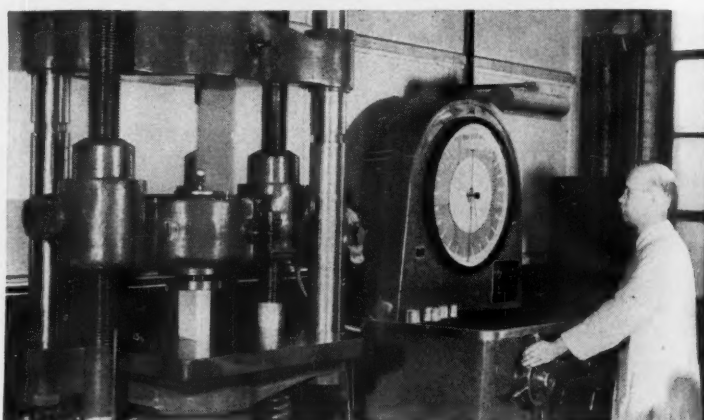
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4. Electrical plating is ever a laboratory problem



5. The breaking point of a product is important

Problems Republic Tries to Answer

Why does some steel rust faster? What can waste acid be used for? Research division delves into these—and many others.

"Is a steel sheet rolled from the top of an ingot the same as one rolled from the bottom?"

"Will one rust faster than the other?"

Not long ago an automobile manufacturer tossed these and other questions at Republic Steel Corp. The Detroit firm couldn't understand why some fender or body steel on its cars rusted through faster than others. Maybe, its officials decided, the men who made the steel could tell why.

• **Study Begun**—These puzzlers found their way, as many others do, to Republic's Process & Product Development Division. There were no offhand answers, of course. So detailed study in laboratory and mill was launched. No one knows today when the search will end or what it will uncover. But it probably will turn up information of use not only to Republic but to the rest of the steel industry and its customers.

Problems of some of its customers lead Republic into unusual fields. For example, a plywood manufacturer received an order from Uncle Sam for some pallets. They had to be sturdy enough to hold a considerable weight for an indefinite length of time. It seemed advisable to build the pallet in sandwich form—two steel sheets as the slices of bread, a honeycomb section of paper between as the filling.

Since it was a new item of manufacture, tests of samples naturally seemed in order. But who should do the testing? In this case, the plywood maker went to Republic, his steel supplier, to see what could be done. Once again, the assignment to make thorough tests was dumped in the laps of Republic's Process & Product Development Division.

• **Three Client Groups**—Republic's development division has three main groups of clients: the company's steel

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EVER have a clean shirt become dirty during a 30-minute trip to the office? Who hasn't, and the cause was probably airborne particles of smoke and soot. And the cause of this minor irritation may be the source of a major problem in your business.

For example, smoke carbon was a trouble maker in this cotton textile weaving plant. Just a few particles of greasy smoke settling on the yarn results in an inferior fabric because it produces off-color whites and reduces brilliancy of color. But this plant, although located in an industrial area, has no problem now because all air entering the working areas is super-clean, having been filtered electrostatically by an AAF Electro-Matic Precipitator.

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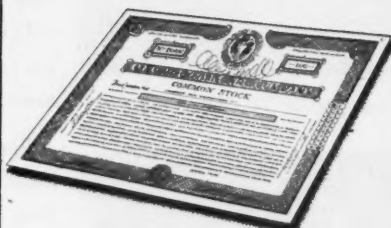
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CHIEF METALLURGIST Earle Smith
Republic Steel's No. 1 research boss



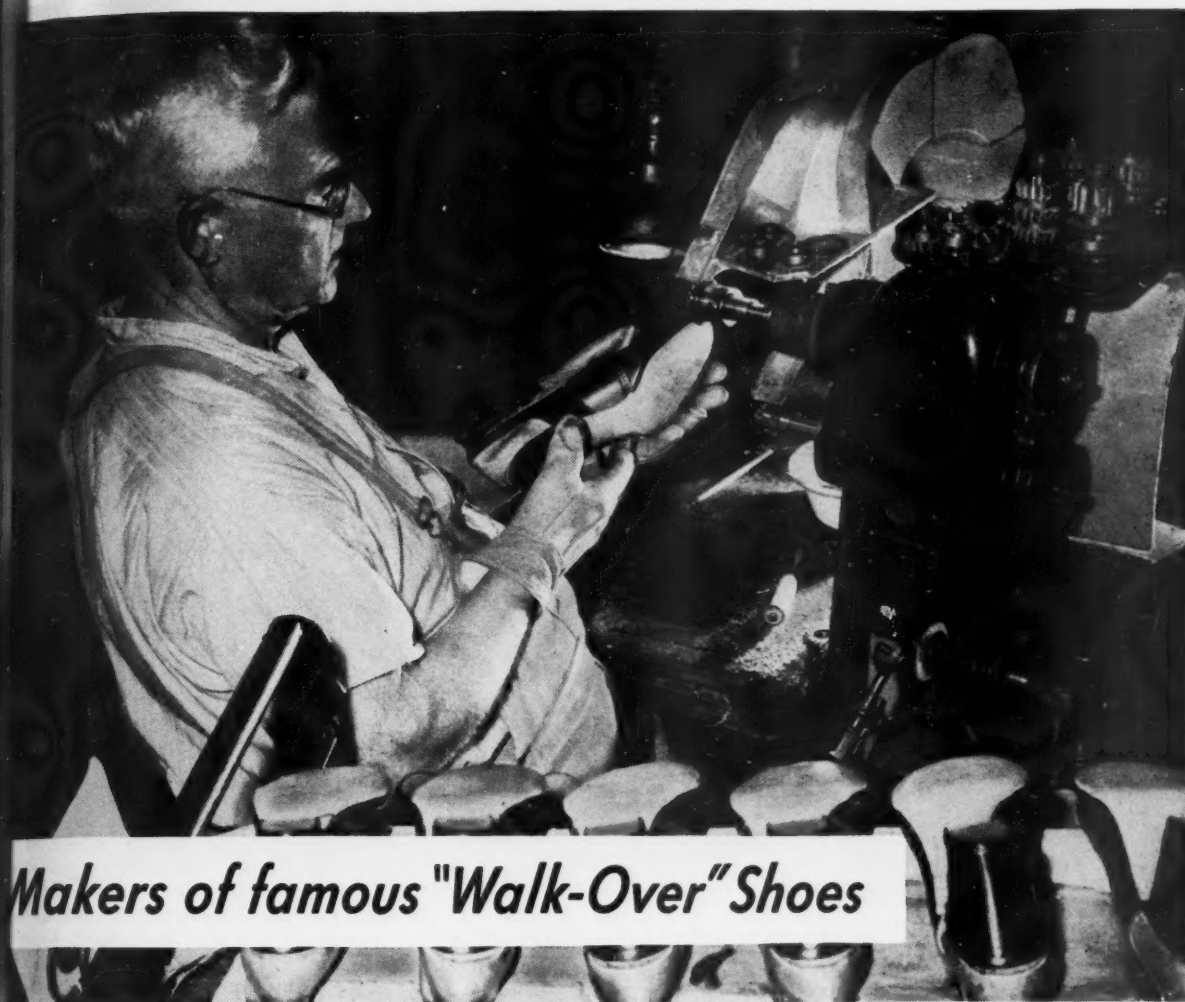
DIVISION DIRECTOR Irving White
house guides product development work

mills, the company's manufacturing subsidiaries, and the company's customers.

The division was established 10 years ago to perform a wide range of services. Its staff of 40 is housed in two floors of a Cleveland subsidiary. It is the potential core of a research center for the giant steel corporation (Republic ranks third in the industry in tonnage produced). However, it does not carry on all the research that is done by Republic. Other investigations are being conducted independently elsewhere.

• **Research Chief**—All research and development work heads up in Republic under Earle Smith, chief metallurgist. In World War I he was an inspector for the U. S. government at Central Steel Co. in Massillon, Ohio. He went to work for Central Steel when the war ended.

When Central became part of Republic in 1930, Smith became assistant district manager of the Central Alloy District. In 1932, he was appointed to his present post. His work in actual steel making is balanced by deep study



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mechanize all major accounting with Nationals

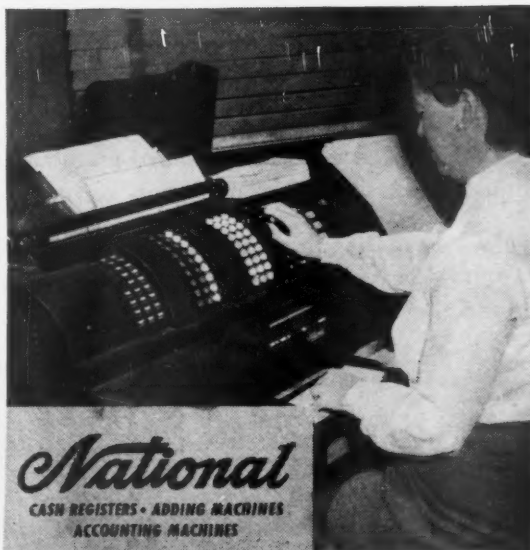
Noted for its far-sighted management, the Geo. E. Keith Company of Brockton, Massachusetts, was one of the early users of National Mechanized Accounting.

Starting their use of Nationals on a small scale, the shoe company was quick to sense their advantages—their speed, accuracy, and flexibility. Today, extensive installations of National Accounting Machines serve both their Middleboro and their Brockton plants—the latter one of the largest in that famous shoe center.

Production analysis, sales analysis, as well as all accounts payable and accounts receivable are now mechanized on Nationals to their great satisfaction. Their entire payroll is prepared on one National Payroll Machine. At one operation the employee's statement of earnings and deductions, employee's earnings record, and payroll summary record, are prepared. All entries are clear, legible, and easily understood. And all are proved correct at the time of writing.

In businesses of every size and type, National Mechanized Accounting is making possible better business records at less cost in time and money. Let your local National representative study your needs, and make recommendations without cost or obligation. The National Cash Register Company, Dayton 9, Ohio. Sales and Service Offices in over 400 cities.

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For maximum effectiveness, always specify Eagle-A envelopes to match—available in all Eagle-A bond papers.

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Nationally known and accepted, this group of Eagle-A Papers offers a wide range of envelopes for commercial and business use.

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into the theoretical side. He is known as one of the best informed theoretical metallurgists of the present day.

• **Product Development**—The development division is directed by Irving Whitehouse. He was employed by the Lord Manufacturing Co. of Erie, Pa., before coming to Republic's Steel Tubes Division in 1936. He left the division in 1942 to take over his present job as active managing head of product development.

The scope of the division's work in its three client groups is so wide that all of its past and present activities could not be catalogued and described in less than a five-foot shelf of books.

• **Variety**—The variety of work done by the three classes of clients does give a general idea of its magnitude:

For the mills, a new product or an improved product rarely is developed which will use a standard steel the same old way. Recently, specifications for an existing Republic Steel product were changed. By working with the mill which turned it out, the division changed the process for making it. The transition was so successful that the new specifications were met without (1) any change in equipment; or (2) any drop in output.

Profitable uses for mill waste products are being looked for. Blast furnace slag has various applications in the building industry as the result of research. Waste pickle liquor (sulphuric acid) is being studied to find a use for it.

For the subsidiaries, a host of new products has been developed. Most of them are still on the shelf waiting for the right time to begin marketing. A new type of coated sheet has been developed and is ready to go into production. Experiments have been made on steel panels used as sidewalls, floors, ceilings, and roofs in home construction.

An analysis of a prime paint coat put on Republic-made steel windows showed it was too glossy. This made it difficult to apply the finishing coat. So a new composition paint is now used.

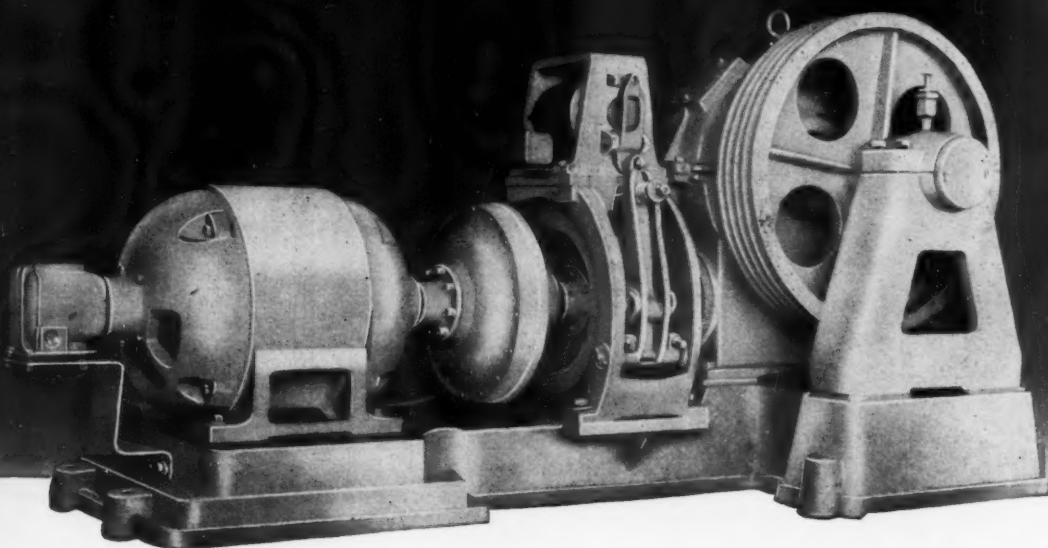
Tests have been made on steel pipe with a plastic inner coating to defeat corrosion. A boiler, which formerly had to be retubed every year, has lasted four years with the new pipe installation.

For the customers, work in the development division is limited strictly to steel problems. A constant effort is made to avoid getting involved with customers' problems on product design and the like.

A company making a heater asked Republic to help engineer a new product. Republic turned the request down. But it offered to check the steel application after the customer had built its own design model. After all, says Republic, the line has to be drawn somewhere.

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"GYROL" FLUID-DRIVE ELEVATORS



**Successful Automotive Principle Applied
for First Time to Elevators. Result:**

8 MAJOR ADVANTAGES

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Over twenty years of experience by the manufacturers of fluid-drive equipment . . . and its successful application in modern automobiles . . . has assisted us in proving the value of fluid coupling in elevator service.

To see the new "Gyrol" Fluid Drive . . . to ride on it . . . to compare costs . . . contact your nearest Warsaw representative, or write to us directly.

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WARSAW ELEVATOR COMPANY

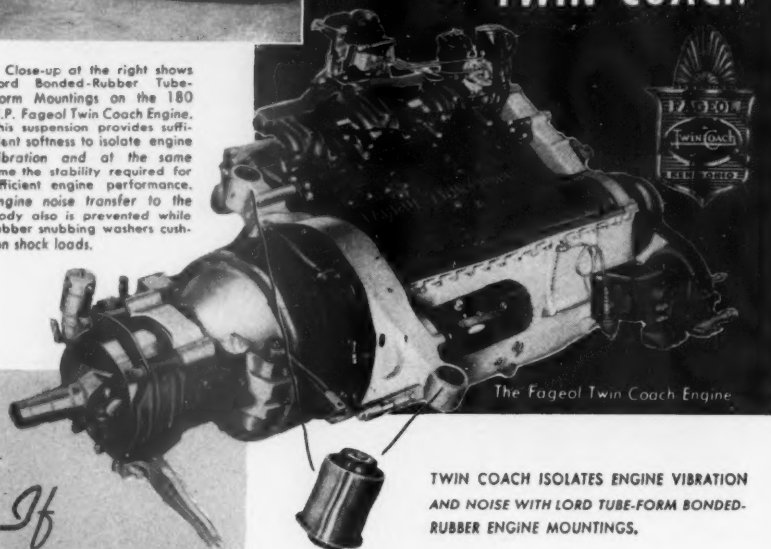
MANUFACTURERS OF ELEVATORS

WARSAW, N. Y.

Greater Passenger Comfort... Improved Performance with LORD SHEAR TYPE ENGINE MOUNTINGS on TWIN COACH



Close-up at the right shows Lord Bonded-Rubber Tube-Form Mountings on the 180 H.P. Fageol Twin Coach Engine. This suspension provides sufficient softness to isolate engine vibration and at the same time the stability required for efficient engine performance. Engine noise transfer to the body also is prevented while rubber snubbing washers cushion shock loads.



The Fageol Twin Coach Engine

TWIN COACH ISOLATES ENGINE VIBRATION AND NOISE WITH LORD TUBE-FORM BONDED-RUBBER ENGINE MOUNTINGS.

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THE LORD VIBRATION
CONTROL SYSTEM IN
YOUR PRODUCT AND
INCREASE YOUR PRO-
DUCT SALES

The Twin Coach Company has consistently pioneered in bus transportation—especially in improving performance and passenger comfort—and they early recognized the vital need for isolating engine vibration and noise. In today's new line of Twin Coaches, Lord Shear-Type Bonded-Rubber Mountings again are specified for the engine suspension... for the smoothness and quietness that only can be obtained with efficient vibration control.

Like Twin Coach, you too can improve your bus performance by specifying a Lord Vibration Control System engineered to your requirements... with these results:

- 1 Increased passenger comfort through isolation of engine vibration and reduction of noise.
- 2 Consumer good will for your customers, the bus companies, because passengers ride in greater comfort.
- 3 Longer life for engine and bus, fewer repairs, bigger profits for the owners.
- 4 Good will for you from a better product, and increased sales.

Perhaps you don't build buses, but whatever you make, you can increase your sales by eliminating costly destructive vibration. It will pay you to consult Lord... make us your headquarters for product improvement through Lord Vibration Control Systems.

MAKE GOOD PRODUCTS BETTER

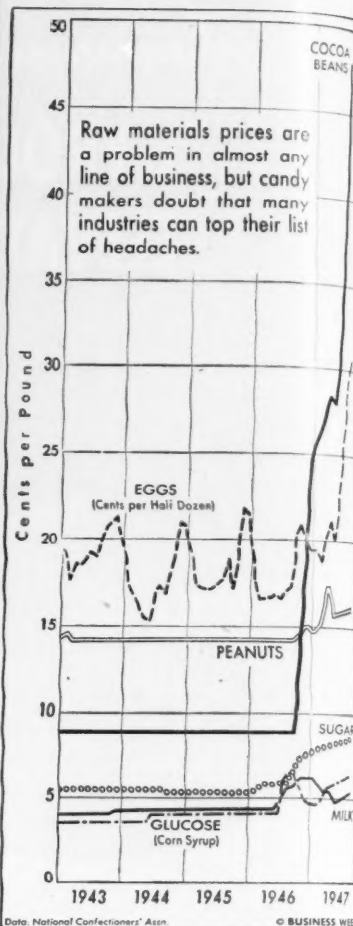
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COMMODITIES



Sweet Problem

Increased costs of raw materials—especially soaring cocoa—may push retail candy prices up another notch.

Don't be surprised if that 5¢ candy bar you are paying 6¢ for goes to 7¢. In fact, blame the rising price of cocoa. Other raw materials have gone up too, but that cocoa price is what has the trade talking.

The accompanying chart shows how much prices have gone up since ceilings were abolished. What it doesn't show, however, is that some materials were selling at double their prewar values before the OPA clamped the lid on them.

• **Hardest Pinched**—A 1944 survey by the candy industry indicated that 26% of total ingredient cost was for cocoa products; 24% for nuts and peanuts; about 22% for sugar. This, however, includes all types of candy—hard can-

dies, for example, which use no chocolate. Thus the cocoa pinch nips even harder on the 65% of the industry that makes chocolate or chocolate-coated confections.

So far, the extreme rise in cocoa prices hasn't been fully felt by most manufacturers. They are still living on inventories made from cocoa beans bought at more favorable prices—down in the neighborhood of 30¢.

• **Seen Its Top?**—When these concerns have to replace their now-dwindling inventories higher prices—or still smaller bars—will come. There is some hope that cocoa has seen its top, but not many people will predict that the price is going to come down any time soon. As they see it, there is still a worldwide shortage.

There is the vague chance, nevertheless, that some countries may refuse to take up their allocations at present prices. Then, too, the main crop from the African Gold Coast will start to market next month. If this crop should be up for sale at a time of price-quenched demand, the market could take a nosedive. But most candy makers are unwilling to bet on any such break in cocoa prices.

• **Peanuts, Too**—The candy men also would like to have something done about peanuts. The lowly goober has risen to high estate. Available at 5¢ a lb. before the war, peanuts recently have hovered around 16¢.

Chocolate covered bars, which sold at 65¢ for a box of 24 before the war, now run all the way from 80¢ to 90¢. Expectations are that most, if not all of them, will go climbing up to at least 90¢ before long.

That would leave no place for the so-called 5¢ bar at retail. Customarily, the candy jobber has to resell an 80¢ box at 95¢. This leaves only a 20% margin for the retailer who is still selling to the public at 5¢ a bar. A 90¢ box price plus a 15¢ markup by jobbers would pare the retailer down under 13%. (And chocolates have gone up as much or more than the bars.)

• **No Buyer Resistance**—So far, prices have encountered no sign of consumer resistance. Candy production in the first eight months of this year ran 3% over 1946 in poundage, 36% more in value. Unrestricted use of sugar hasn't meant much productionwise because of the shortage of chocolate. Most chocolate manufacturers such as Hershey and Rockwood, who sell coatings to candy makers, have their customers on allocations smaller than those in effect in 1941.

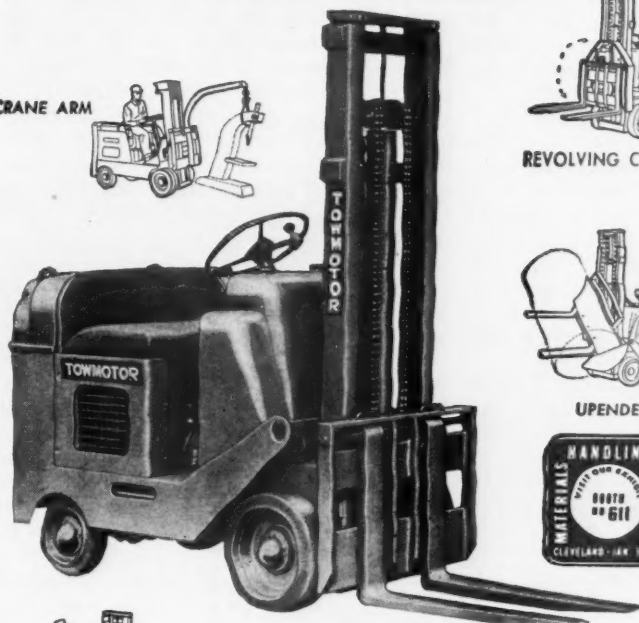
The candy makers, in their turn, generally have sold out all they can make to the end of the year. They can't quite believe that a further increase in the price of candy will make much of a dent in demand.

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CRANE ARM



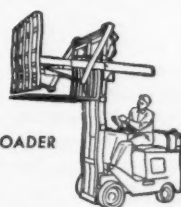
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UPENDER



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BUSINESS IN MOTION

To our Colleagues in American Business ...

Most people think of brass tube as a mill product with a great many important industrial uses. It is regularly used to carry water and other liquids, to make parts of machines and appliances, railings, handles, and so on. Yet it also can be a musical item, in door chimes, and the story of its development for that purpose is an unusual one.

When electric door chimes appeared, it became evident that here was an entirely new requirement for brass tube—that it produce a pleasing tone when struck. The other factors that have made brass tube a staple, large-volume product for so many years, such as its rich color and corrosion resistance, dictated the choice of brass. Here, then, was the problem: what are the causes of pleasing tone in tube, and how can they be controlled in the mill in order to supply a reliably standard musical product?

The first step was purely experimental. Revere proceeded by ear. Over 100 samples of tubes in various alloys, tempers and gauges were hung up, struck, listened to, and preferences obtained from many people. These tests showed an outstanding preference for the tonal quality of one type of tube. But Revere did not stop there. It was desirable to know why that tone was preferred, what factors were responsible for it, and how they could be controlled.

The project then was turned over to a laboratory physicist who is also a talented musician. Now began the most ambitious and lengthy and scientific part of the work, employing the most modern electronic apparatus, including a beat-frequency oscillator and a cathode ray oscilloscope. These made it possible to dissect the tone produced, measuring the intensity and frequency of the funda-

mental note and its partials with an accuracy of one cycle per second. Much new information was developed concerning the source of the tone, the manner in which the tube vibrates, and the changes in the tone produced by changes in tube characteristics. The net result is that Revere really knows chime tube, scientifically, musically, physically, and, of course, how to produce it. We also know exactly how a chime tube should be plugged, and where struck, and why, which information is of value to door chime manufacturers.

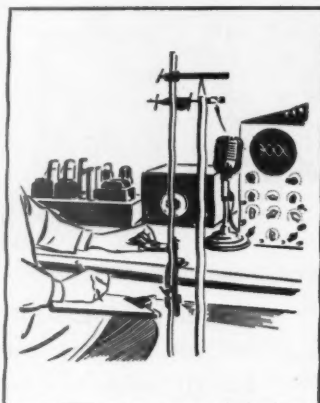
As Revere contemplates the voluminous laboratory records of this work it realizes that interesting and important though it was, it is by no means a soli-

tary example. Revere has repeatedly studied in the greatest detail both new and old applications of its mill products, and uncovered data of value in extending the life and usefulness of them. So, for that matter, has practically every other supplier of materials to industry. Hundreds of companies operate well-equipped, competently-staffed laboratories. Others employ

college laboratories more or less steadily. The final results of these continuing studies are embodied in products and processes, and thus raise the standards of all American industry. In addition, in the majority of cases secrecy as to the information obtained is not imposed, and thus you can obtain not merely better products, but also much information of practical value in their use. It has been pointed out that those who pay for materials also pay for the brains required to develop them, and that therefore those brains should be used. Thus, Revere suggests that no matter what you buy, be it rubber or glass, chemicals or metals, cements or solvents, you would do well to draw upon the brains of your suppliers.

REVERE COPPER AND BRASS INCORPORATED
Founded by Paul Revere in 1801

Executive Offices:
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Quinine Struggle

The Dutch push to regain control of cinchona products—including quinidine—worries U. S. producers of vital drugs.

America's supply of cinchona bark is heading toward a crisis. It's a vital problem, because the bark is the source of quinine and quinidine; without these drugs millions of persons suffering from malaria and heart ailments can't carry on normal lives.

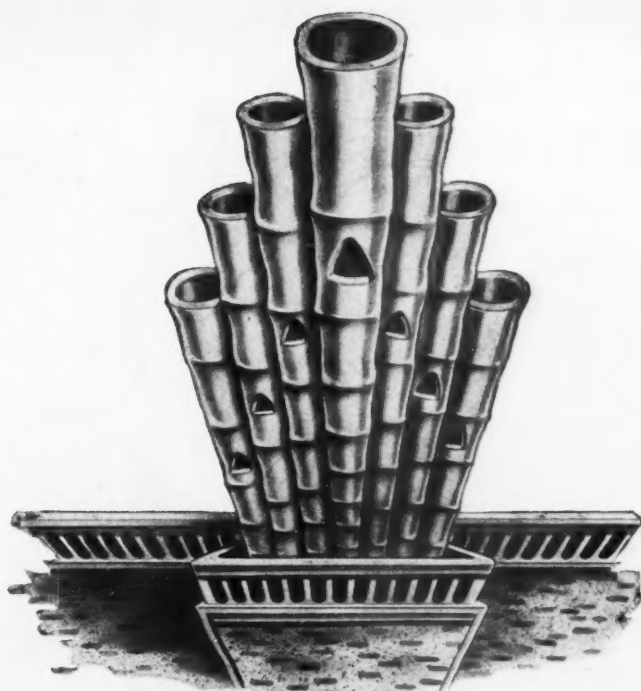
• **Reasons**—Three developments have brought the situation to a head:

(1) The Dutch, who have controlled the world cinchona supply for 100 years, announced last week they have regained 90% of the Javanese cinchona planta-



POULTRY SQUAWK

Chickens were coming to roost in the nation's capital last week—a noisy protest against poultryless Thursday.irate growers in New York and Pennsylvania shipped a dozen-odd crates of birds to President Truman and Charles Luckman of the Citizens Food Committee. Poultrymen could find, they said, neither grain to feed the chickens nor a market for them. (But other growers denied that there was any glut.) Poultryless Thursday passed into oblivion last week end. And the Washington "surplus" brood passed on to its last roosting place—the local Salvation Army home (above), hospitals, and other institutions.



THE BAMBOO ORGAN OF LAS PINAS

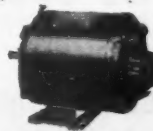


Over a century and a quarter ago Father Diego Cera, of the Augustino Recoletos Friars, finished a task of infinite love and patience. In the little church at Las Pinas, not far from Manila, he built the first and only bamboo pipe organ the world has ever known. Its beautiful soft tones and full-throated splendor were the marvel of the island.

But years and years took their toll on the parchment-like bellows and accumulator until it was sadly silenced through sheer lack of power.

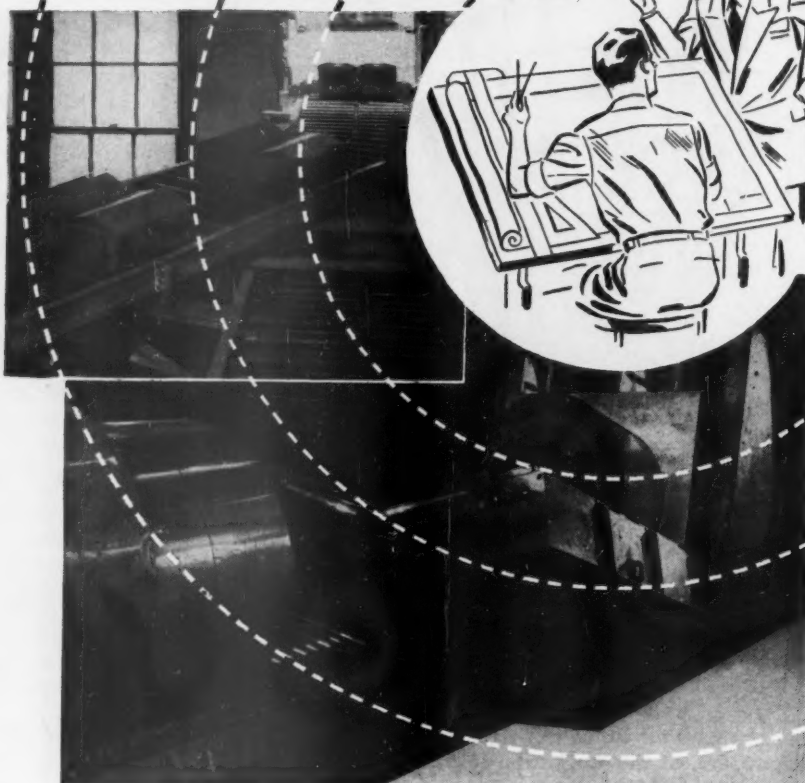
In restoring the organ a few years ago, several attempts to provide the necessary power failed until a Wagner one-horsepower motor was applied. The beautiful tones of the bamboo organ again filled the little church of Las Pinas, even as in the days of Father Diego Cera.

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tions overrun by the Japanese during the war (the Indonesians hold the rest). To American processors, this means that the Dutch cartel is back in the saddle.

(2) The U. S. government is preparing to end most of its controls over quinine, quinidine, and bark on next Feb. 29, turning the U. S. trade back to private business.

(3) The U. S. government is reported to be quitting the cinchona business in Central America, into which it was driven when the Japanese capture of Java cut off the world's supply of cinchona bark.

• **New Dealings**—Since the end of the war the U. S. government has used its bargaining power to get cinchona bark from the Dutch. With the government out of the picture, American processors will have to deal directly with Amsterdam. Such a prospect draws no smiles from the American industry.

There appears to be little prospect of realizing the goal of American processors and the U. S. government: direct purchases of bark in Java at "free market" prices and in unrestricted quantities for direct shipment to the U. S. Of course, the Dutch would prefer to sell only the finished products.

• **Quota System**—The Dutch policy has been to permit certain foreign processors to buy cinchona bark—but only on a quota basis whereby they also must take so much of the finished products, always at the Dutch prices.

American processors say there is a world shortage of quinine. And under Dutch control, they see no chance of easing it. The U. S. alone has 2-million to 4-million malaria sufferers.

With quinine's companion drug—quinidine—the scarcity is even more acute. There is no substitute drug for quinidine—used to check "heart palpitation." For the 4-million heart disease sufferers in the U. S., 600,000 ounces are needed for the year ending next June 30. On Oct. 1 the U. S. had 163,000 ounces on hand.

When the government relaxes its cinchona controls next February, it will hold back 1.2-million ounces of quinine. That is enough to assure dosages of all U. S. malaria cases for at least a year. And it probably will keep allocation and end-use strings on all quinidine.

• **Bright Spots**—At least two American processors report long-range plans to make the Western Hemisphere independent of the Dutch supply.

Meanwhile, the government figures there will be plenty of quinine for this winter's chill tonics, cold tablets, cough remedies, hair preparations, beverages, elixirs, and for such industrial uses as polarizing optical lenses.

And development and refinement of quinine synthetics—such as atabrine—may ease dependence on foreign cinchona sources.

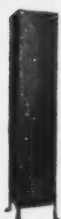
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WILL MAKE THE PRODUCT

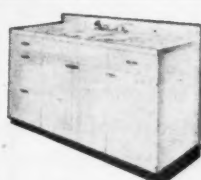
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Here's how you can speed up plant expansion, boost production, or turn surplus steel inventory into cash.

(1) If you can supply us with 16 to 24 gauge sheet steel, we will supply you pound for pound with any selection of Lyon standard products now in production.

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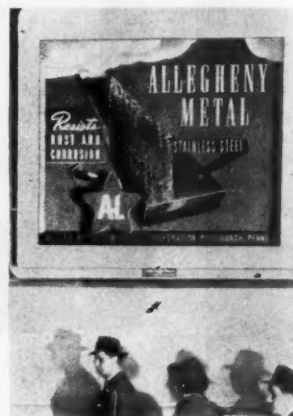
UTILITIES

New Rate Idea

Utilities have big stake in Wisconsin court fight. Issue is: Can state set rates on basis only of "reasonable profit"?

Utility executives throughout the country are watching Madison, Wis. The question of whether or not utility rate regulation must be tied closely to property valuation came up in a state court there this week.

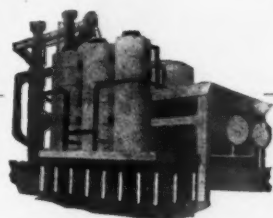
The Wisconsin Public Service Commission says no. Commonwealth Telephone Co. says yes. Arguments on both sides are based, at least in part, on the 1944 decision of the U.S. Supreme Court in the Hope Natural Gas case. • **Ambiguous**—This decision overturned the time-honored rule that rates must yield "fair return upon fair value of property used and useful in the public



ORDEAL BY WATER

The fabled ad man has been known to view his client's wares through a roseate lens. But here's an ad that proves its point while it plugs the product. Cascades of real water bubbling over a real bar of Allegheny Ludlum stainless steel in the company's "spectacular" afford a convincing test of the metal's resistance to rust and corrosion. The three-dimensional sign is on display in the railroad terminals of four cities, where it puts its point over fast for the traveler.

WHAT DO WE DO T BLAW-KNOX?



BRIEFLY: in the industries we serve we help
re costs and increase production by means of
eered products, engineering knowledge and price-
experience covering the modern industrial era. The
wing are representative of the fields in which we
truly be called "Industry's Partner."

in and construction of complete CHEMICAL AND PROC-
PLANTS • PROCESS EQUIPMENT and machinery for the
ical and food industries. • STEEL AND ALLOY CASTINGS
g maximum resistance to wear, heat and corrosion.
LING MILLS, AUXILIARY MACHINERY, ROLLS and other
al equipment for the steel and non-ferrous industries.

- PIPING SYSTEMS for high pressures and temperatures. •
- AUTOMATIC SPRINKLER, fog and deluge systems. • RADIO
- TOWERS and antenna supporting structures for all types of
- broadcasting and communications. • ENGINEERED BUILD-
- INGS for industry and agriculture. • CONSTRUCTION MA-
- CHINERY for building roads, airports, and public works.
- STEEL FORMS • CLAMSHELL BUCKETS • STEEL GRATING •
- ENGINEERING SERVICE in the design of special machinery
- and processes for industry at large.

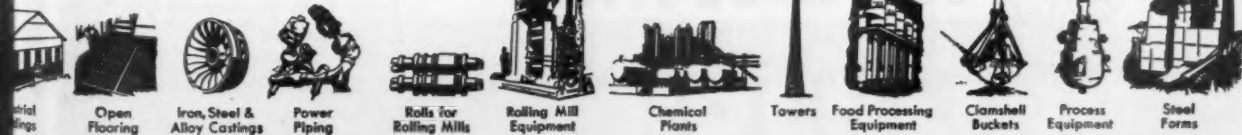
If your requirement falls within any of the above cate-
gories, we will welcome an opportunity to talk things
over with you on an engineer-to-engineer basis.

DIVISIONS OF BLAW-KNOX CO.
BLAW-KNOX DIVISION * BLAW-KNOX
SPRINKLER DIVISION * BUFLOVAK
EQUIPMENT DIVISION * CHEMICAL
PLANTS DIVISION * LEWIS FOUNDRY
& MACHINE DIVISION * NATIONAL
ALLOY STEEL DIVISION * PITTSBURGH
ROLLS DIVISION * POWER PIPING
DIVISION * UNION STEEL CASTINGS
DIVISION * BUFLOVAK MIDWEST CO.

BLAW-KNOX COMPANY

A Pacemaker for American Initiative and Ingenuity

Farmers Bank Building • Pittsburgh 22, Pa.



The International Harvester Company

of EVANSVILLE, INDIANA

• reduced "down time" on large draw press
from 8 weeks to 10 hours

TECHNICAL SALES SERVICE REPORT



PROBLEM: To put this press back into operation immediately -- without an eight week delay for a replacement part. The press, used for the production of milk cooler units, had broken through the center of the lower die bed.

SOLUTION: We recommended repair by braze-welding with Airco Bronze Rod Nos. 20 and 22. Working with two oxyacetylene torches, in 15 minute shifts, five operators completed the job in ten hours. The casting, upon cooling, held its dimension and alignment, and has been in continuous operation since July 20, 1946. The International Harvester Company estimated it saved \$800 on this repair job, but more important, reduced "down time" on the draw press from 8 weeks to 10 hours.

Joseph X. Markert
Airco Technical Supervisor
Louisville District

Airco's Technical Sales Division is at the call of all industry in applying Airco processes and products in the solution of their problems. If you have a metal working problem, ask to have a Technical Sales Division man call. Address: Dept. BW-6519, Air Reduction, 60 East 42nd St., New York 17, N. Y. In Texas: Magnolia Airco Gas Products Co., Houston 1, Texas.



AIR REDUCTION

Offices in All Principal Cities

TECHNICAL SALES SERVICE - ANOTHER AIRCO PLUS-VALUE FOR CUSTOMERS

service." But in junking this ancient formula, the high court left the method of arriving at a rate decision entirely in the air. It required only that the rate decision be just.

In the present case Commonwealth is appealing a PSC order which requires about \$10,000 yearly from telephone rates in Two Rivers, Wis.

• "Police Power" Cited—In its order the PSC took several steps beyond anything that any other regulators have been able to squeeze out of the Hope decision. It argued that the Hope case empowered regulators to set rates on the basis of the governmental "police power"—not the concept of "eminent domain," which has long been the practice. The difference is essentially this:

Under the police power, a governmental body may use or control private property without arranging to pay the owner for it. For instance, the police power permits a fire-fighting crew to chop a hole in your apartment floor to save the apartment building—and to do so without worrying about who pays for the damage. But under the eminent domain concept, the firemen would have to make just payment for the property.

• Old Criteria—The Wisconsin PSC says that the Hope case described utility rate making as—essentially—legal price fixing, performed under the state's police power. That, the PSC goes on, frees the commission of the old regulatory worry: Do these rates confiscate private property without just recompense (a practice forbidden by the U.S. Constitution's 14th Amendment)?

So PSC set the new Two Rivers rates without setting up the orthodox cost-value yardsticks. These devices have been the foundation of utility rate regulation for years.

• New Criteria—Instead, PSC based its decision on three factors:

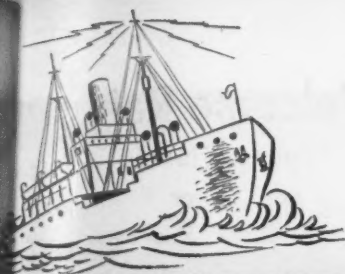
- (1) An estimate of future costs.
- (2) The point at which a rate would lose, rather than gain, revenue.
- (3) A reasonable profit.

On this basis, the PSC asserted that it found no requirement to ascertain the value of Commonwealth's Two Rivers property.

• Rebuttal—Utility attorneys who doubt the validity of the PSC decision argue that even in the Hope case, the Federal Power Commission found a rate base—the cost of the property used to render the service.

Also, they argue, the Hope decision requires that the end result be just: the Wisconsin PSC's procedure gives the court no evidence on which to determine whether the rates are just. To find anything tangible, they say, the court will have to review all of the evidence—and then reconstruct PSC's thinking. They believe the courts will find it easier to shoot the whole thing back for spelling out in conventional detail.

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Who named it wireless?



The ether which brings mysterious electrical impulses across the miles to your radio, has always enveloped the earth. It was there when Noah launched his Ark. So were all the elements that combine to make this modern miracle. But Noah's only contact with the outside world was a Dove.

Today any teen-aged youngster knows more about the subject than did Noah, yet, relatively speaking, we know as

little about electricity as he did. We haven't scratched the surface.

Roebing saw the future of electricity and recognized the important part it would play in American industry, sixty seven years ago. Roebing undertook the manufacture of electrical wires and cables in 1880 because it had confidence in America's future, and because it knew that individual enterprise and free competition speedily would create a steadily

growing demand for its product. Roebing has consistently lead the way in the design and manufacture of electrical conductors.

Roebing electrical wire and cable enjoys the well-earned confidence of electrical men—the world over.

JOHN A. ROEBLING'S SONS COMPANY
TRENTON 2, NEW JERSEY
Branches and Warehouses in Principal Cities

T-7225 Job 4020-GI64 1st Proof, 10-15-47

ROEBLING



Building for Better Service

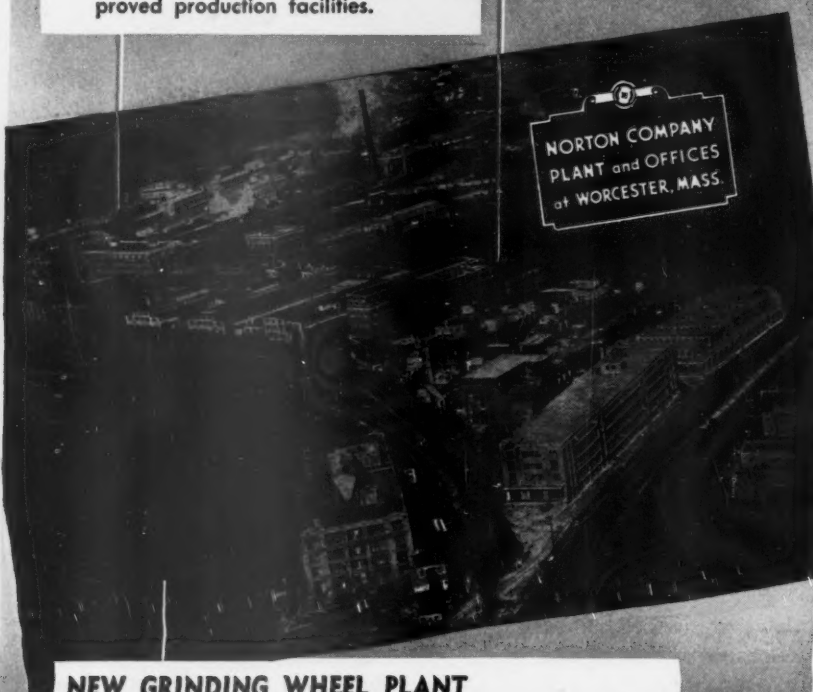
At the main Norton Worcester plant — a mile and a quarter long — you'll find much construction work in process — new buildings going up, present facilities being improved. Three major projects at the moment are:

OFFICE SPACE INCREASED 44%

Speedier handling of orders is assured by a 36,000 square foot addition to the main office building.

IMPROVED MANUFACTURING FACILITIES FOR REFRACTORIES

The refractories plant is being rebuilt to give this important and rapidly growing Norton division improved production facilities.



NORTON COMPANY
PLANT and OFFICES
at WORCESTER, MASS.

NEW GRINDING WHEEL PLANT

The manufacture of vitrified grinding wheels will be greatly speeded up and improved by this entirely new plant. Covering nearly five acres it will cost, complete with equipment, over \$3,500,000.

And at the Norton warehouses, too — large additions in Chicago and Philadelphia — improved facilities in Detroit.

NORTON

ABRASIVES — GRINDING WHEELS — GRINDING AND LAPPING MACHINES
REFRACTORIES — POROUS MEDIUMS — NON-SLIP FLOORS — MORBIDE PRODUCTS
LABELING MACHINES (BEHR-MANNING DIVISION: COATED ABRASIVES AND SHARPENING STONES)

Welcome Rains

Niagara Hudson restores full power service to industries in N. Y. State. Reservoirs and streams are refilled in South.

New York State's Niagara Hudson system early last week put all its customers back on full electric power service. Rain in the eastern Adirondacks did the trick. Then last week end a general downpour in the East raised the utility's hopes that it had seen the last of industrial power cutbacks.

Back of the situation lie (1) a drought more serious than any Niagara Hudson has ever gone through, and (2) the nationwide power pinch (BW—Aug. 9 '47, p17).

• **Drought**—After eight weeks with only an inch of rain, the system's hydro power reservoirs were so low that generating capacity was off 175,000 kw. This is enough to serve two cities the size of Syracuse. So, late in October, Niagara Hudson had to ask factories all across the state to cut down power use during hours of peak demand.

Percentage cuts varied; many ran around 15%. Some plants on interruptable contracts made 50% and even, briefly, 100% cuts. No domestic or commercial users were affected.

• **Expansion**—The drought hit Niagara Hudson at the worst possible time. Like other utilities, it is fighting to keep up with huge demand while it expands capacity (BW—Oct. 18 '47, p23). It has 275,000 kw. of steam and hydro capacity under construction or on order. Another 320,000 kw. are in the preliminary stage. The first of the new generators is due to start turning late next fall.

This 595,000-kw. program will mean a 30% boost over Niagara Hudson's present capacity of nearly 2-billion kw. (including 207,048 kw. bought from other companies under contract).

• **In the Southeast**—In contrast with the Niagara Hudson area's drought, a large part of the Southeast has had heavy rains since early October. In some areas of North Carolina and eastern Tennessee the rainfall ran as high as 21 inches in 27 days.

Among the systems benefiting from the refilling of streams and reservoirs are Duke Power, Carolina Power & Light, Georgia Power, and Alabama Power. The rain also will aid the TVA's hydro resources.

Despite the brighter picture, the southeastern companies will be pushed in order to meet the total power demand. But some of the companies may be able, through various interconnections, to send more power into less fortunate systems.



THE EVIDENCE IS EVERYWHERE!

Look around you — on city streets, at trucking terminals, on the nation's highways—and when you see a Trailer, note that the nameplate almost always says "Fruehauf."

The evidence is everywhere—that here is the outstanding choice of Trailer owners from coast to coast.

This didn't happen suddenly. For more than 30 years, Fruehauf has maintained a position of leadership rare in American industry.

And, today, more than 50% of Fruehauf sales are "repeat" orders.

Make Fruehauf Trailers your choice with utmost confidence—the evidence is everywhere.

*Performance First,
Price Last!*

Trailers must take punishment. Every part must be designed and built to stand the pounding of big loads at fast speeds, over good highways or rutted roads—under continuous operation. Price has a minor part in this picture—because the Trailer that stands up best for the longest time is always cheapest in the long run. That's why Fruehaufs are built for performance first—price last.

World's Largest Builders of Truck-Trailers

FRUEHAUF TRAILER CO. • DETROIT 32

69 Factory Service Branches

FRUEHAUF TRAILERS



Within this hoist . . .

There are many special features embodied in the design of the 'Load Lifter' Hoist. No other hoist has them all. They, combined with basic strength of construction, give this hoist its almost unbelievable endurance. No job is too tough! No hours too long in the full clock-round! For one-point oiling, two-gear reduction drive, fool-proof upper stop—and many other advantages make this hoist a safe, dependable, economical lifting unit in which you can have the utmost trust.

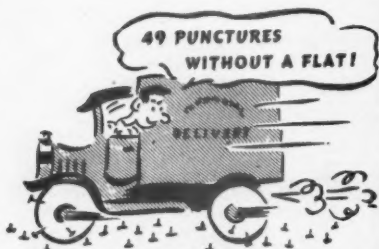
Send for Catalog No. 215



'LOAD LIFTER'
Hoists

MANNING, MAXWELL & MOORE, INC.
MUSKEGON, MICHIGAN

Builders of 'Shaw-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.



Seal-o-matic TRUCK TUBES

1. Seal punctures on running wheels.
2. Outwear two or more regular tubes.
3. Increase tire mileage up to 33%.

B. F. Goodrich Seal-o-matic inner tubes have a lining of gum-like substance which seals punctures instantly. When the puncturing object is removed, the sealing substance is drawn up to seal the hole permanently.

Seal-o-matics outwear two or more regular tubes and increase tire life. These tubes are designed for light and medium trucks and buses in city service.

For free bulletin write J. E. Powers, The B. F. Goodrich Co., Akron, Ohio.

B.F. Goodrich
FIRST IN RUBBER

MARKETING

OIL-O-MATIC is a year 'round business

For the ever-growing oil burner replacement market you get this SMASHING "3 AND 3" SALES SUPPORT!



THREE-WAY PLUG: Three hours to install—year around—and three years to pay

Fighting Seasonal Slumps

Eureka Williams Corp. has new plan to sell oil-burning heaters in slack winter months. Three-hour installation—and three years to pay—designed to even sales flow over 12-month periods.

A lot of problems face the man who runs a seasonal business. In the slack season, employees are laid off and drift away. The sales force tends to disintegrate, and fixed charges keep accumulating. Management men are eager to find a way out.

Eureka Williams Corp. announced last week that it thinks it has a solution. Its plan is aimed at minimizing the seasonal factors in its business of selling oil-burning heaters. Officials of Williams Oil-O-Matic Division of Eureka Williams hope that their new sales program will cool another hot problem: the sale-wrecking shortage of fuel oil in many areas.

• **Summer Installations**—Williams' experience has shown that more than 50% of its sales and installations occur during July, August, September, and October. During a cold winter, monthly sales often drop as low as 4% of the year's total.

Reason: Most of the company's business until now has consisted of convert-

ing heaters to oil from some other fuel. And few householders want to go without heat during the period required to switch installations.

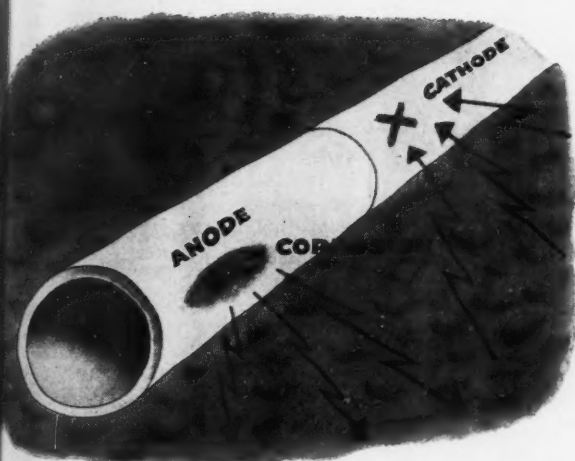
• **"3 and 3" program**—Now Williams is plugging a "3-and-3" program—three hours to make the necessary conversion and three years to pay for the new heater. By emphasizing its speed changeover, the company expects to boost the number of winter installations of heaters. This would level out the peaks and valleys on its sales and production charts.

To add whipped cream to its already fancy sales campaign, Williams is urging dealers to provide customers with movie tickets for use during the three-hour installation period. For conversion jobs, the company recommends that dealers buy and remove the customer's remaining coal.

Spreading its operation out more evenly over the year will solve many of Williams' problems of factory and dealer organization. The plan, company

MAGNESIUM

FORCED TO DESTROY ITSELF TO KEEP STEEL FROM CORRODING...



The self-destruction of magnesium has been engineered to prevent the corrosion of steel pipe lines.

Similar engineering can apply magnesium to the solution of numerous other corrosion problems. Yours, for instance.

Steel pipe lines conduct electricity from the soil. Part of the pipe becomes a cathode, part an anode. At the anode part, electrical flow is away from the pipe and corrosion results. American Magnesium worked out an anode of magnesium with an iron core. This is buried ten feet from the anodic part of the pipe line and connected by lead wire. The magnesium, becoming a galvanic cell, sends electricity to the pipe, neutralizes the pipe's tendency to send electricity away at that point. So the pipe becomes a cathode. Corrosion is avoided.

The magnesium, consequently, is sacrificed to electrolytic destruction instead of the pipe. And the saving is very, very well worth-while!

AND NOW...YOUR SOLUTION

Magnesium has become widely known to businessmen for its unrivaled lightness-to-strength ratio and its superior machinability. Something for you to look into further is American Magnesium's engineering of qualities other than lightness and machinability. It does things with magnesium nature never thought of. You won't know until you inquire—but some of these tricks may solve your problem. ALUMINUM COMPANY OF AMERICA, sales agent for American Magnesium Products, 1711 Gulf Building, Pittsburgh 19, Penna. Sales offices in principal cities.

MAGNESIUM **MAZLO** PRODUCTS
Reg. U.S. Pat. Off.

**AMERICAN
MAGNESIUM
CORPORATION**

SUBSIDIARY OF ALUMINUM COMPANY OF AMERICA

WHY THEY WENT TO OKLAHOMA

With AMERICAN AIRLINES it was 4 Distinct Advantages



MR. C. R. SMITH
Chairman of the Board of Directors
American Airlines, Inc.

Says:

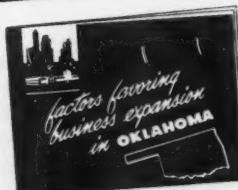
"During the summer of 1946, American Airlines established its major maintenance base, divisional operating headquarters, and pilot training school in Oklahoma.

"The selection of these sites was based upon a study of four distinct advantages Oklahoma offered to American Airlines:

1. The central geographic location of Oklahoma is also the pivot of American Airline's entire route structure.
2. From the many idle, war-expanded, manufacturing plants in Oklahoma, American Airlines found in Ardmore and Tulsa ready-made facilities for the rapid establishment of the most modern pilot-training and maintenance facilities.
3. The territory provided an excellent source of recruiting the highest and most conscientious type of new employees for the exacting work demanded by American Airlines.
4. The state, through rapid modification and repeal of obsolete and restrictive corporation legislation, has made Oklahoma an easy place to do business.

"The expediency of the decision to locate American's pilot training base and maintenance headquarters in Oklahoma has been amply borne out during the first year of operation."

The state of Oklahoma has many business advantages, in addition to those which appealed to American Airlines. Send for this book of information which describes graphically, 12 of this state's favorable factors. A special confidential survey report relating to your own business will be prepared on request.



OKLAHOMA

PLANNING and RESOURCES BOARD
STATE CAPITOL BUILDING
OKLAHOMA CITY, OKLAHOMA

spokesmen say, has been easy to sell to dealers, company sales force, and manufacturing employees.

• **Stabilizing Factor**—Another factor tending to stabilize employment at the company's Bloomington (Ill.) plant has been the addition of production facilities for Eureka vacuum cleaners. Since vacuum cleaner sales are relatively non-seasonal, this move gives the company a steady operating schedule on which to superimpose its heater production.

Licking the oil shortage requires another tactic. Insufficient supplies of oil block conversions from coal to oil in many sections. Therefore, Williams is putting the emphasis in these areas on replacement of over-aged and inefficient oil heaters. W. A. Matheson, executive vice-president of Eureka Williams, estimates that at least 10% of the nation's 3.5-million oil heaters should be replaced.

• **Key to the Replacements**—Company studies show that replacements increase not in relation to the age of the burner but in an almost direct ratio to the national income. For this reason Williams feels that the time is ripe for tapping the replacement market.

This market, says Matheson, has been badly neglected. The war held up replacements; and after the war, dealers concentrated on selling conversion rather than replacements. The reason for this was that most of the dealers also sold oil and they wanted to expand their fuel sales.

• **Conservation Motif**—Williams is tying this program to a conservation motif. But the plan is not altogether altruistic. If enough oil can be conserved by installation of more efficient heaters, the company will be able to press more strongly its sales of oil heaters to present users of other fuels.

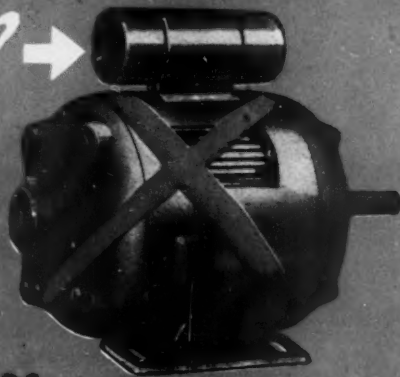
According to Matheson, a 10% cut in consumption on current installations would save enough fuel oil for installation of 300,000 new units. Such a cut, he adds, could be made easily, not only by replacement of inefficient units, but also by adjusting all units more carefully. Addition of weatherstripping and insulation to oil-consuming homes would mean further savings. Williams dealers are advised to help oil-users conserve in these and other ways, whether they are potential heater customers or not.

• **Expansion Program**—The new sales plan also is geared to a program of dealer expansion. Since V-J Day, Williams has increased its number of outlets from about 800 to 1,600. Before next July the company plans to add 900 more.

Williams is starting its new campaign with \$250,000 worth of advertising during the next four months in newspapers and magazines. The company also will do cooperative advertising with its dealers.

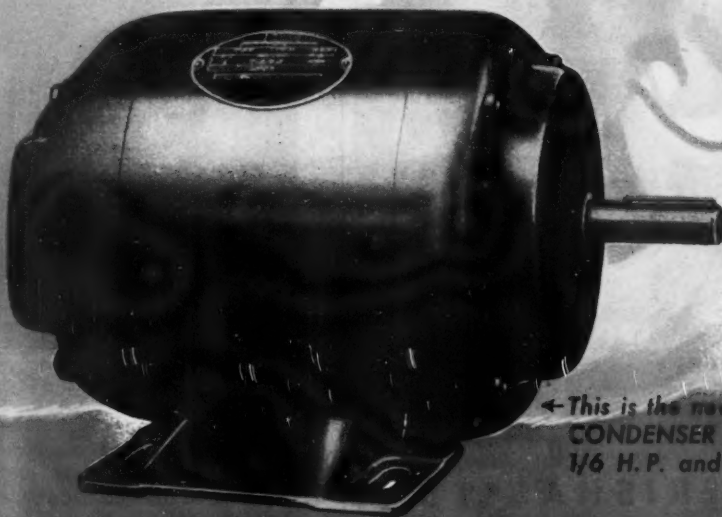
Why use obsolete Motors? →

HERE'S JUST AN EXAMPLE OF
B-LINE LEADERSHIP IN
IMPROVED DESIGN OF
CONDENSER TYPE
MOTORS



Constantly Improved

THE WART
COMES OFF
THE HOG'S NOSE



← This is the new streamlined B-LINE
CONDENSER Motor, with inbuilt condenser.
1/6 H. P. and up — Standard Dimensions
Patents Pending

Wire or write for Bulletin

B-LINE MOTORS
1/6 to 30 HP

B-LINE GEARMOTORS
All Standard and
Special Ratios

TOOLMASTER
Electric Grinders
Pedestal & Bench

THE BROWN-BROCKMEYER COMPANY

PLANTS AT DAYTON, WILMINGTON, WASHINGTON AND XENIA, OHIO

• GENERAL OFFICES, DAYTON 1, OHIO

District Offices in Principal Cities

Gifts that will please him most ---

PORTABLE POWER TOOLS

Mall REG. U. S. PAT. OFF.

Quality Built-Heavy Duty

A delightful surprise for the man who likes to tinker, make or fix things, these two handy, plug-in Mall Tools will provide hours of refreshing relaxation and enjoyment in the home workshop. And equipped with these two tools, he can do most anything around the home and farm.



\$54.95

MODEL 60 *Mall Saw* GRINDER

By simply changing blades—this powerful tool can be adapted to cutting wood, plastics, concrete, metals and hardened steel. It can be used as a table saw—which when turned 90° serves as a shaper for making odd shaped moldings, chair rails, cornices, and other decorative effects. A sanding drum or cup-shaped grinding wheel converts it into a grinder.



MODEL 381

Mall Drill POLISHER

\$54.00

For Polishing,
Sanding and
Drilling
\$44.00
Dial Only
IN U. S. A.

Besides polishing the family car, brass door knobs, knockers, and other gadgets, shining shoes, sharpening knives, sickles and tools, sanding off paint, varnish, enamel and infinite other uses, this versatile tool can be equipped for drilling $\frac{3}{8}$ " holes in steel, $\frac{1}{2}$ " holes in wood, and $\frac{3}{4}$ " in masonry and concrete. Also $\frac{1}{8}$ " to $\frac{1}{4}$ " models. All operated from any regular electrical outlet.

MALL TOOL COMPANY 7768 South Chicago Ave., Chicago 19, Ill.

WINTER WONDERLAND

for your

14 COLD STORAGE WAREHOUSES IN THE CITY ICE SYSTEM

PERISHABLES Every day in the year

JERSEY CITY, N. J.
Seaboard Terminal &
Refrigeration Co.
HORNELL, N. Y.
The City Ice & Fuel Co.
PITTSBURGH, PA.
Federal Cold Storage Co.
CLEVELAND, OHIO
Federal Cold Storage Co.
COLUMBUS, OHIO
Federal Cold Storage Co.
DECATUR, ILLINOIS
Polar Service Company
ST. LOUIS, MO.
Mound City Ice &
Cold Storage Co.
ST. LOUIS, MO.
Federal Cold Storage Co.

NATIONAL STOCK YARDS, ILL.
North American
Cold Storage
SPRINGFIELD, MO.
Springfield Ice &
Refrigerating Co.
KANSAS CITY, KANS.
Federal Cold Storage Co.
TULSA, OKLA.
Tulsa Cold Storage Co.
GALVESTON, TEXAS
Galveston Ice &
Cold Storage Co.
PHOENIX, ARIZ.
Crystal Ice & Cold
Storage Co.

COLD STORAGE DIVISION

The

CITY ICE & FUEL

Company

HEADQUARTERS:
33 S. CLARK ST. CHICAGO 3

Superproblems

Meeting of supermarket operators seeks ways to maintain their two biggest advantages: low prices, high volume

Low unit profit with big volume has been the traditional success formula of supermarket operators. But both ends of that formula are threatened today: high food prices are beginning to hurt volume; rising operating costs are squeezing the traditional narrow profit margins.

These twin problems were the chief order of business at last week's annual meeting of the Supermarket Institute in Chicago. Some 1,100 independent supermarket operators attended the meeting; they operate about 3,000 markets, claim to do almost \$2-billion of business a year.

• **Cost-Cutting**—Three main weapons against spiraling operating costs were discussed at the meeting. They are: (1) better-trained personnel, used more



BAGGING THE SCRAPS

Fido is playing his part—gladly—in the food conservation program. To make sure that none of the tidbits on your plate is wasted, the New Yorker Cafe at Tacoma, Wash., gives you a "Snack-Sac" for your pet. The glassine-lined, greaseproof paper bag was developed by O'Connell-Ragan Co., advertising agency. The agency has made them available to restaurants throughout the country. Presumably, everyone from Charles Luckman to Fido is pleased.

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... creator of Savings

Backbreaking toil in stifling heat and choking grime was long considered indispensable to the firing of a battery of seven annealing kilns at the Malleable Iron Fittings Co., Branford, Conn. But today this tortuous task is capably performed by machine instead of muscle. A B&W Direct-Firing Circulating System for firing metallurgical furnaces with pulverized coal, has replaced obsolete methods.

As shovels went out, new savings came in ... production was increased, fuel consumption

was substantially reduced, and working conditions were vastly improved.

Simplifying combustion problems through imaginative engineering is an old story with B&W. So, too, is the solution of many other problems in diversified fields. Vast experience, coupled with progressive thinking, enables B&W to supply engineers in all industries with new ideas and equipment in connection with present problems or future plans.

Babcock & Wilcox



THE BABCOCK & WILCOX CO.

GENERAL OFFICES: 85 LIBERTY ST., NEW YORK 4, N. Y.
WORKS: ALLIANCE AND BARBERTON, O.; AUGUSTA, GA.

Water-Tube Boilers, for Stationary Power Plants, for Marine Service . . . Water Cooled Furnaces . . . Superheaters
. . . Economizers . . . Air Heaters . . . Pulverized-Coal Equipment . . . Chain-Grate Stokers . . . Oil, Gas and Multifuel
Burners . . . Seamless and Welded Tubes and Pipe for All Pressure and Mechanical Applications . . . Refractories . . .
Process Equipment.



IS IT WORTH 3¢ A DAY TO GET WORK DONE FASTER?

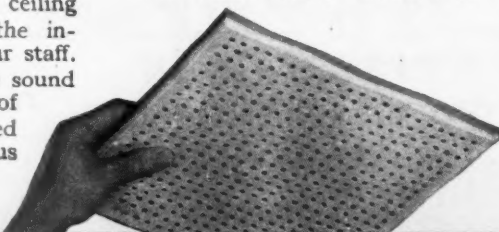
It takes longer for your office force to get work done when the office is filled with distracting noise. The time lost is certainly worth more than 3¢ a day. Yet that is all it costs to get rid of unwanted noise.

Just 3¢ a day per person, figured over 4 or 5 years, pays for a ceiling of Armstrong's Cushiontone acoustical tile. Cushiontone ends the din of jangling bells, clattering machines, loud voices, and footsteps. And the small cost of the new ceiling is quickly repaid by the increased efficiency of your staff.

Up to 75% of all the sound that strikes the surface of Cushiontone is absorbed in the 484 deep fibrous

holes of each 12" square. Not even repainting will affect its acoustical efficiency. Cushiontone is an excellent reflector of light and is easy to maintain. It also provides your office with extra insulation. Ask your local Armstrong contractor for a free estimate to prove the economy of a Cushiontone ceiling.

WRITE FOR FREE BOOKLET, "What to Do About Office Noise." It gives you full details. Armstrong Cork Company, Acoustical Department, 4711 Walnut Street, Lancaster, Pa.



Cushiontone is a Reg. Trade-Mark

ARMSTRONG'S CUSHIONTONE



Made by the Makers of Armstrong's Linoleum and Asphalt Tile

efficiently; (2) higher-grade, better trained managers; and (3) an all-out attack on waste.

Employee-training and pay incentives offer dividends in bigger sales volume, less waste, operators find. One West Coast operator reported that his wage cost had increased 92% in two years. But to offset this he instituted a program of employee training, pay incentives, and profit-sharing. Result: a 62% increase in sales per employee.

Supermarket managers at \$60 a week seem to be on their way out. Operators today are coming to think of their business as an industry rather than a trade. Many consider their working conditions, wage, and size of investment more comparable with an industrial plant than with a typical retail store. And they think that the man in charge of this setup should be a well-paid, highly trained merchandising executive—not just a "store manager."

To cut waste, more efficient operation is recommended—not only in the supermarkets themselves, but through cooperation with farmers and suppliers. Specific waste-control programs were also reported at the institute's meeting. Among them: salvage of usable containers; salvage of damaged merchandise.

• **Price Suggestions**—The trend in supermarket food pricing is away from special sales and loss-leaders, and toward lowest-possible prices every day. Operators feel that this offers many advantages. Among them: steady volume; stable store employment; better value for the consumer's dollar.

Most revolutionary pricing suggestion at the meeting: Modify the traditional percentage markup on perishables to reflect the unit cost of handling each item. Under the traditional system, operators were told, a straight department-wide markup may result in a loss on some items, a larger-than-necessary profit on others. Operators were urged to study unit costs and fix break-even points for each item, just as is done in industrial plants.

• **Building Urged**—Aside from these two major problems, the meeting was told that more supermarkets will have to be built at once, despite high construction costs. Reason: Only more volume from bigger stores can keep prices down.

ANTIFREEZE PINCH

America's car-owners, sensing wintry breezes just around the corner, have begun to look for their favorite brands of antifreeze. Only a few, however, have been successful. For the cold fact is that the pinch in antifreeze is worse this year than any time in the past.

Reasons advanced for the shortage vary. It has been attributed to: (1) the increased number of automobiles on the road; (2) a lack of transportation facilities;

and (3) incomplete programs for boosting production. But a more significant explanation is that the chemicals used in antifreeze are in strong demand in other industries, notably plastics.

With the shortage, two expected reactions have developed. One is a black market in antifreeze; the other is the appearance of large quantities of denatured alcohol in service stations. Many motorists this winter will have to make choice between these alternatives.



SELLING BY PHOTO

Radio Sales, the division of Columbia Broadcasting System that sells "spot" commercials, has a new promotion stunt. It combines a short marketing course for its salesmen with a new twist to pictorial plugging.

Here's how it works: Radio Sales men from six cities convened in Salt Lake City. They took a 72-hour course on the operation of Salt Lake's station KSL and the marketing potentialities of the area. As the salesmen arrived, Acme Newspictures snapped photos of each one. The photos were sent by Acme's wire network to each salesman's home city, mailed out to agencies and advertisers in his territory. Each concern in his area, for example, got a photograph of William Ogden of Detroit (above). Along with the picture went a message telling about the course on the KSL operation.

The telephotos plus the letters told 2,500 potential advertisers that Radio Sales representatives were qualified to show companies how time on KSL could help their product.



A PLUG FOR YOUR PRODUCT

There's a definite boost to sales of appliances that display the smart, new Flamenol* cord-and-plug set. It's a sales promoter that wins customers with its good looks, wins their confidence with its sturdiness. For Flamenol cords look as if they would resist the effects of aging and hard usage—and they do.

There's another advantage, too. Right now, customers and dealers alike are on the lookout for products with Flamenol cords. Aging appliances have shown them what a few years and a lot of flexing will do to ordinary cords, so they'll go out of

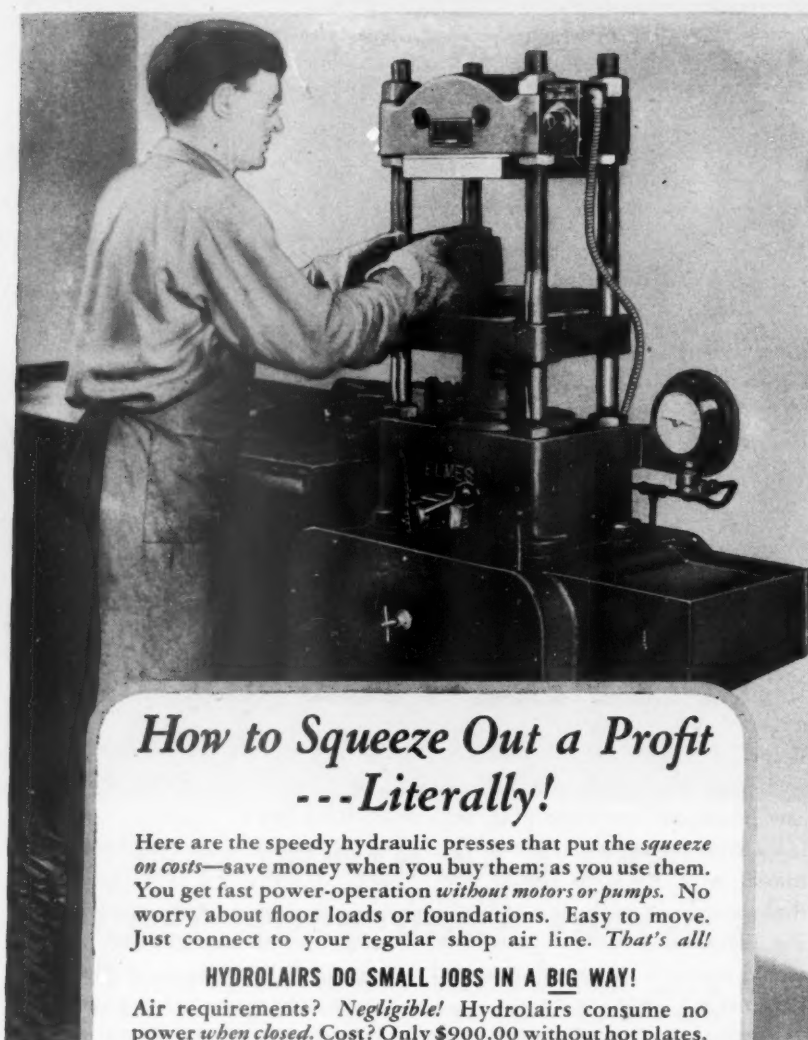
their way for equipment that's properly wired—with Flamenol cord-and-plug sets.

A Flamenol cord with molded-on plug is actually a sales "plug" for your product. It's an assembly time-saver, too, because cord and plug are preassembled by General Electric—ready to be connected to your appliance. Choose either brown or ivory in 6-, 8-, or 11-foot lengths. We'll be glad to send you facts and prices. Section Q66-1110, Appliance and Merchandise Department, General Electric Co., Bridgeport 2, Conn.

*Trade-mark Reg. U.S. Pat. Off.



GENERAL  ELECTRIC



How to Squeeze Out a Profit ---Literally!

Here are the speedy hydraulic presses that put the *squeeze on costs*—save money when you buy them; as you use them. You get fast power-operation *without motors or pumps*. No worry about floor loads or foundations. Easy to move. Just connect to your regular shop air line. *That's all!*

HYDROLAIRS DO SMALL JOBS IN A BIG WAY!

Air requirements? *Negligible!* Hydrolairs consume no power *when closed*. Cost? Only \$900.00 without hot plates, f.o.b. Chicago, for the 30-ton floor-type, above. Delivery? Virtually from stock. Used extensively for molding plastics and rubber, for laminating, forming, assembly, and many other purposes.

MOST ECONOMICAL OF ALL POWER PRESSES

Elmes Hydrolairs (patented) apply and maintain any pressure, and *repeat at that pressure* until reset. Anyone can operate the effortless control. 20-, 30-, and 50-ton sizes; bench and floor models. Ask your Elmes distributor for Bulletin 1036, or write *Elmes Engineering Works of American Steel Foundries, 214 N. Morgan St., Chicago 7.*



20-Ton Bench-Type Hydrolair



50-Ton Floor-Type Hydrolair



Ask for Bulletin 1036. It tells the whole story.

ENGINEERED BY ELMES

Good Hydraulic Production Equipment Since 1851

Federated Unloads Expensive Real Estate

Federated Department Stores last week unloaded a lot of expensive department store real estate—and stayed in it under lease. Purpose of the move was twofold: (1) to release capital for expansion and for paying off debt; and (2) to cut taxes and other expenses for some of its subsidiaries.

• **Foley's Sale**—First to be sold was Federated's brand-new Foley Dry Goods Co. properties in Houston, Tex. (BW, Oct. 18 '47, p. 50). Buyer was the Foley Bros. Store Foundation, a nonprofit group set up to take care of needy employees.

The foundation paid about \$13.2 million for the property, then leased it back to Foley's store. Annual rental, 4.84% of the final sales price with options for lease renewal or purchase in the future. Proceeds of the deal will go to cut Foley's debt.

• **Brooklyn Sale**—Next Federated arranged to buy from Abraham & Straus all the capital stock of Abrast Realty Corp., owner of most of the properties occupied by Abraham & Straus, Federated's



ANIMATED SIREN

A beauty with a beer is stopping traffic for the G. Krueger Brewing Co. of Newark, N. J. Their window display sweater girl would be an eye-catcher on her own merits. But when the cardboard miss raises a foaming glass of beer to her lips, rubberneckers settle down for a second look. The display, designed by Long Island City's Einson-Freeman Co., is said to buttonhole three to six times as many passersby as does the usual "still" creation. A battery-operated device takes care of the animation.

ated's subsidiary in Brooklyn, N. Y. Federated will sell the Abrast stock to Union Holding Co., owned by Union College in Schenectady, N. Y. This company already has large holdings in Allied Department Stores, Inc., biggest store combination of them all.

A. & S. will lease the properties from Union Holding, as it did from Abrast. The original seven-year lease will be followed by a 23-year period of rental reductions, with renewal and purchase options. Federated figures to save up to \$1.8-million on this deal over the full period.

The Foley and A. & S. deals follow the recent sale of Filene's Boston store property to the Equitable Life Assurance Society (BW—Nov. 1 '47, p75). Filene's is a Federated unit.

Decca Takes Whirl in School Market

If Jack Kapp, president of Decca Records, Inc., has his way Bing Crosby and other famous actors may be future teachers of America's school kids. And at the same time a vast new market will be opened up for Decca records.

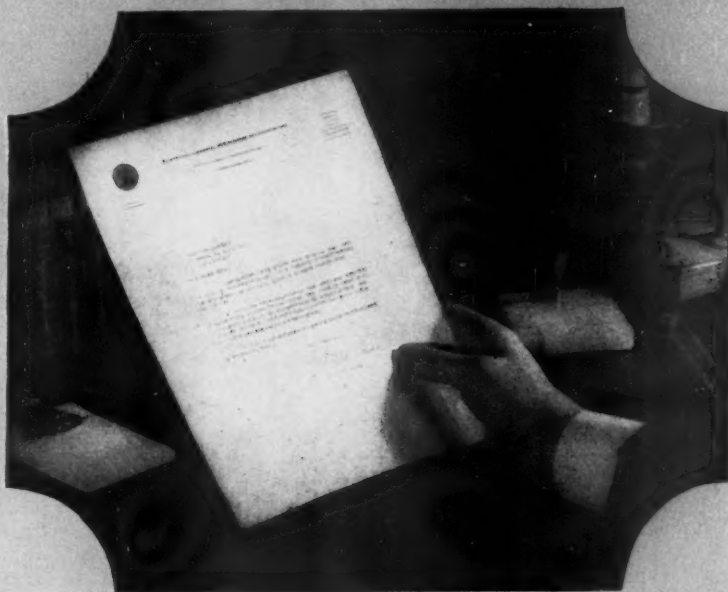
Last week, Kapp and R. D. Marriner, president of the American Book Co., worked out a sales deal. Under it Decca will release, and American Book will distribute, Decca albums to schools, colleges, and universities.

Wider Market—Kapp has felt for a long time that the market base must be widened if the record business is to remain profitable. His search for that use led him into the educational-record business. He figures that standard records, made by big-name actors, would be more interesting than standard "educational record albums" now used.

Months, and in some cases years, ago Decca began to sign up big-name actors. Among the albums the company has turned out are Bing Crosby in "The Man Without a Country," and Ginger Rogers in "Alice in Wonderland." These albums have already done well as home-library items.

Hedging a Ban—Decca plans to release 88 albums from present stocks for distribution to schools. New albums will be added from time to time. In anticipation of the new move Decca has lately been cutting a lot of new records. The company also has in mind a hedge against the Dec. 31 ban James C. Petrillo has placed on new recordings. Kapp doesn't expect records to take the place of textbooks. But he does think that the big names will enliven lessons in literature. Walter Huston narrating the Rip Van Winkle legend, or Carl Sandburg reciting his poems, put more feeling into the performance than the average school teacher.

There's No Extra Charge for Weston Quality



These fine cotton fibre Bond, Ledger, and Index Papers for record keeping and correspondence actually cost no more!

Because Weston Papers are obviously better ... because they are the first choice of archivists and custodians of priceless public records ... it's easy to believe that Weston Papers must cost extra. Actually, grade for grade, Weston Papers cost no more than other papers of the same cotton fibre content. So there's no reason why you shouldn't enjoy the extra security, the extra service and satisfaction ... that accrues when you keep all records worth keeping on Weston Papers.

Your suppliers prefer *Weston*, too. Available through paper merchants in all principal cities. Specify a *Weston* paper for your next lot of letter-heads, records or forms.

**BYRON WESTON COMPANY
DALTON, MASSACHUSETTS**

THE COMPLETE WESTON LINE

BONDS
WESTON'S BOND
Extra No. 1, 100% Cotton Fibre
WESTON'S DEFANCE BOND
100% Cotton Fibre
WESTON'S HOLMESDALE BOND
75% Cotton Fibre
WESTON'S WINCHESTER BOND
50% Cotton Fibre
WESTON'S BLACKSTONE BOND
25% Cotton Fibre

LEDGERS
BYRON WESTON CO.
LINEN RECORD
Extra No. 1, 140% New White
Cotton and Linen Fibre
WESTON'S DEFANCE LEDGER
100% Cotton Fibre
WESTON'S WAVERLY LEDGER
75% Cotton Fibre
WESTON'S CENTENNIAL LEDGER
75% Cotton Fibre
WESTON'S WINCHESTER LEDGER
50% Cotton Fibre
WESTON'S BLACKSTONE LEDGER
25% Cotton Fibre

INDEXES
WESTON'S DEFANCE INDEX
100% Cotton Fibre
WESTON'S WINCHESTER INDEX
50% Cotton Fibre
WESTON'S MACHINE
POSTING INDEX
50% Cotton Fibre

MACHINE ACCOUNTING
WESTON'S TYPACOUNTING LEDGER
75% Cotton Fibre
WESTON'S MACHINE
POSTING LEDGER
50% Cotton Fibre

Weston *Makers of Papers
for Business Records*





- as additional working capital
- because taxes, production delays have caused a shortage of operating cash
- because of unbalanced inventory
- to expand; buy up another company
- or for any other sound business reason



Send for
"A Better Way to
Finance Your Business"

—a book that explains a sound, business-like way to get the money you need . . . under our Commercial Financing Plan. This book shows why manufacturers and wholesalers have used our plan to a total of more than ONE BILLION DOLLARS in the past five years . . . and why THREE TIMES as many firms have adopted it this year as did during the same period in 1945.

Learn How Little Money Costs

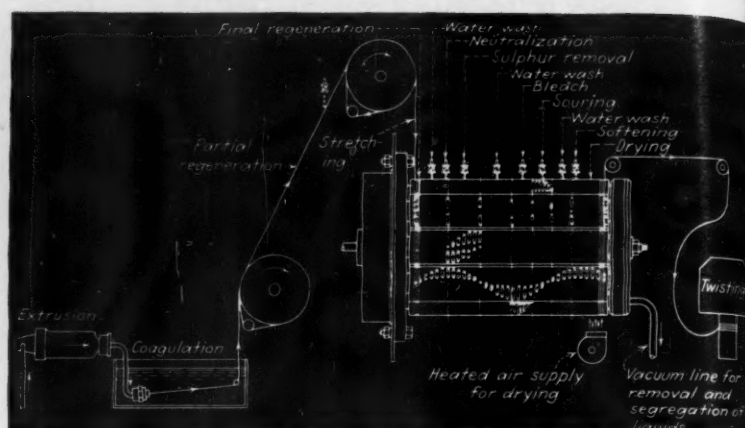
. . . how much more you can get . . . and how long you can use it, under our liberal, low-cost Commercial Financing Plan. Send today for "A Better Way to Finance Your Business." Just write or telephone the nearest Commercial Credit Corporation office listed below.

COMMERCIAL FINANCING DIVISIONS:

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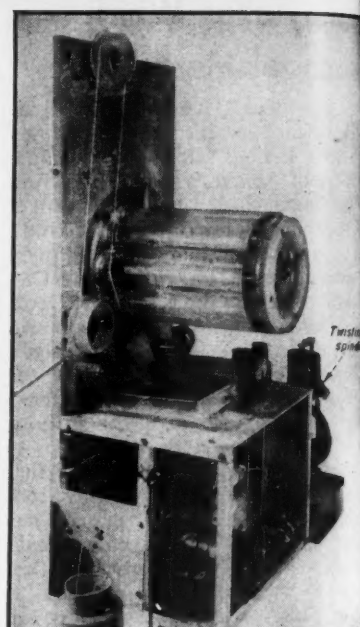


PRODUCTION



SIMPLER RAYON MAKING is the goal of this continuous method, which puts yarn through a series of treatments as it passes over a plastic roller (drawing, above). Harry A. Kuljian, a former American Viscose Corp. engineer, now a textile consultant, invented the process. It is still in the development stage.

Yarn moves from the back of the 16-in. long rolls to the front, because each roll is canted (set at an angle that causes yarn advance). As the yarn travels over the rolls, it passes under nozzles discharging the various chemical treating agents. The rollers have a series of holes through which excess treating solutions are sucked up. This permits reclaiming of chemicals. About 250 lb. of water are consumed for each pound of rayon yarn made. Although many tests have yet to be made, pilot models indicate that the processing technique can produce yarn that is superior in certain characteristics to conventional types. For example, it is claimed that the yarn resists breaking in later processing, has fewer defects.



New Ways to More Rayon

Simpler processes to make yarn are being developed, but they are a long way from mass use. Meanwhile, don't expect a big boost soon in rayon output; cost problem holds back expansion now.

Rayon output is running at a billion pounds a year, but that is not nearly enough. And it's going to be a long time before output is raised very much.

That is what a close look at the U. S. rayon production picture means to users, and to makers of competitive fibers.

• **Demand**—U. S. tiremakers alone take about 25% of the rayon output, and are squawking for more. The market is so lush that both German and Italian processors are already trying to edge in on the market (BW—Nov. 8 '47, p10). And the Japanese are expected to try

to get in on the show any time now.

With the supply situation what it is, traders are in what they call a "spot" market—a new way of defining the gray market. For filament rayon, nominally priced around 75¢ a lb., some traders this week are asking, and getting, better than \$2 a lb. Rayon producers are used to a good demand—for during only one brief period in the depression did supply ever exceed demand. But today's scramble exceeds any in the past.

• **Prices vs. Output**—In the face of an apparent sustained demand, consumers



Your cigarette inhales more than you do!

FROM THE TIME the unstemmed tobacco leaf arrives at the factory, until the finished cigarette is ready for packaging, Philip Morris inhales more than forty times its own weight in AIR.

Not just ordinary air, you understand, but air that is cleaned, controlled, and "made to order." Air that is *completely conditioned* by Westinghouse equipment.

In fact, proper air conditioning is as necessary in the manufacture of good cigarettes as the tobacco itself. That's why Philip Morris tobacco is stemmed, dried, cured, blended, moistened,

cut, roasted and wrapped—all under ideal conditions of temperature and humidity. Not only does this protect the quality of the product, but employees, too, find the atmosphere more comfortable to work in, and respond with greater efficiency.

In more and more manufacturing plants today, Westinghouse air conditioning is paying off in better production, happier employees, and—in the long run—lower costs.

And more and more companies are discovering that the Sturtevant Division of Westinghouse, is the *only* manufacturer of *all* the components for *every* appli-

cation of engineered air.

Not only in air conditioning, but in drying, conveying, dust and fume removal, and electronic air cleaning, Westinghouse systems offer new and almost limitless opportunities for improving your product, your production, and your manufacturing cost per unit. For further information, write: Westinghouse Electric Corporation, *Sturtevant Division*, Hyde Park, Boston 36, Mass.

Westinghouse
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DIVISION

Here's How To keep Prospects Reminded



Give IMPRINTED Autopoint Pencils

These are the "Autopoint" pencils with the famous "Grip-Tite" tips that won't let leads wobble, turn or fall out. Well balanced pencils, easy to write with, they are America's busiest writing tools. You compliment your prospects by giving these pencils rated tops in the mechanical pencil field. Your name or slogan imprinted on them will serve as constant reminders—deliver you valuable good will for years. Wide range of models and prices. Mail coupon.

Autopoint IMPRINTED MEMO CALENDAR

A dual purpose desk accessory—combines perpetual calendar and looseleaf memo sheet holder. Contains 200 sheets 3" x 5". A wonderful imprinted number that will go big with prospects.



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Please send me details and prices on
☐ "Autopoint" Imprinted Pencils.
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☐ Have a salesman call.

Name.....

Company Name.....

Street Address.....

City.....State.....

naturally ask: "Why not increase output?" Processors reply that they are working along this line already. But there are many factors to consider. Boosting output, they point out, could be done in two ways:

(1) Present facilities, using today's methods of processing, could be expanded.

(2) New streamlined processes, using simplified equipment to make yarn on a continuous basis, could be developed. Industrial Rayon Corp. (BW-Jan. 27 '40, p46) started work in this direction in 1940.

There's a high hurdle in the first course: Rayon producers in the United States claim that they can't increase capacity greatly and sell at competitive prices, because of today's high building and equipment costs. One maker figures that a plant today would cost three times more than it would have when he started in business.

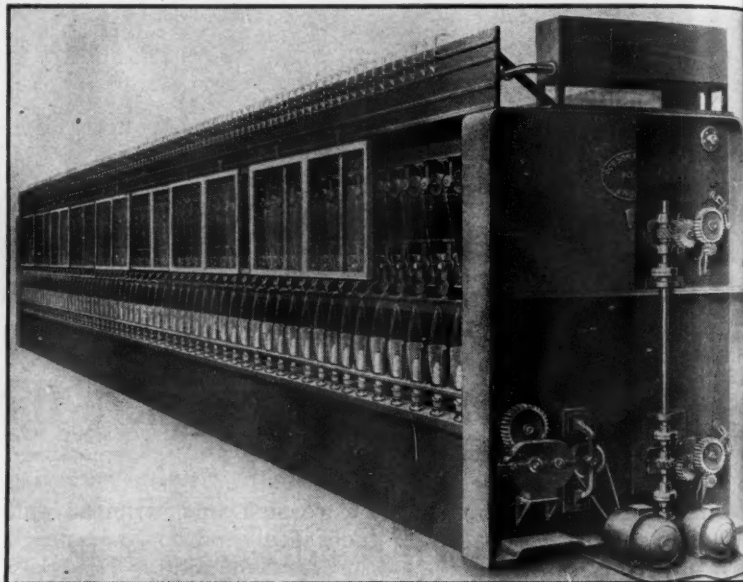
The result is that producers are awaiting simplified continuous processes. But

these methods are still a long way from mass use.

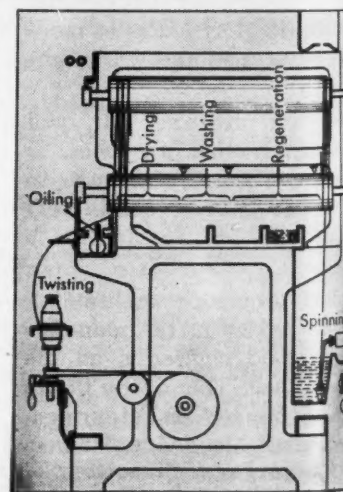
• **Cost Factors**—The new continuous methods under development promise to cut costs for plant equipment and labor. However, industry men still are not convinced that this will be true for finer, garment-types of yarn.

They know such processes will work with the heavier tire yarns. (With continuous tire-yarn processing, the equipment-cost to pounds of production is low. With garment-type yarn, light denier, you get lots less in output for the same amount of equipment investment.) Today, only Industrial Rayon Corp. is producing viscose rayon continuously on a large scale.

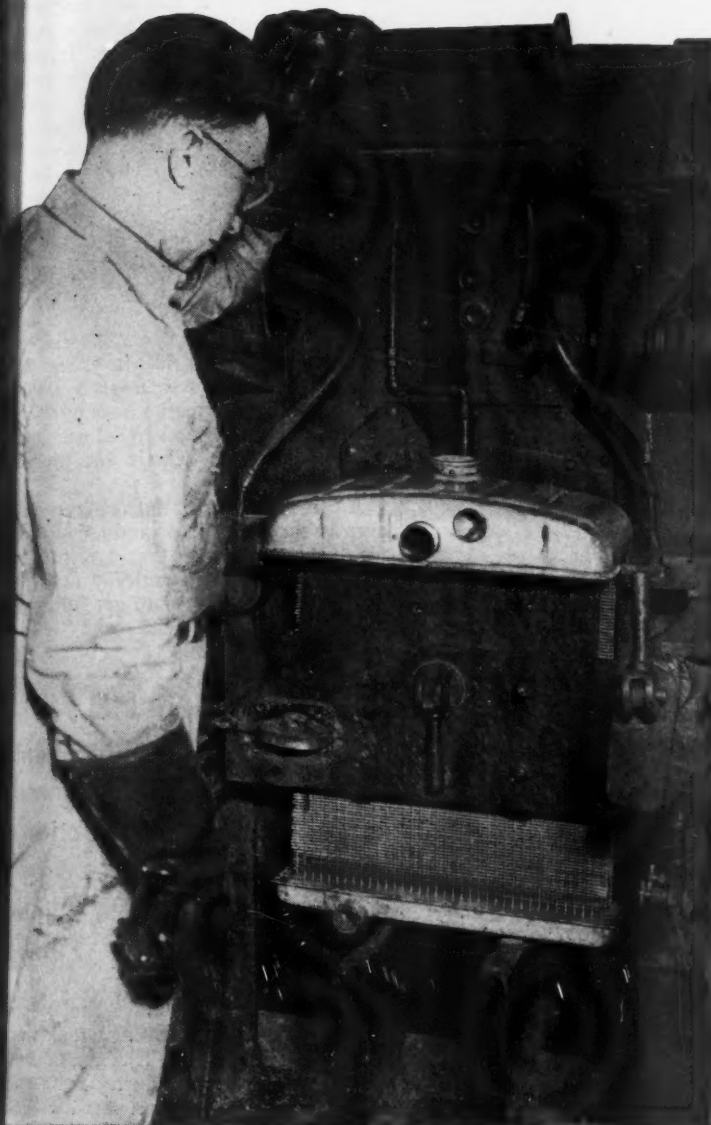
• **Firms at Work**—At least 10 different continuous processes for manufacturing viscose rayon are being developed in the U. S. today. Oscar Kohorn & Co. Ltd., of New York is working on one. American Viscose Corp. is reported to be developing two—one for tire



BRITISH RAYON PROCESS: The Nelson method of producing rayon, acquired this year by Dobson & Barlow, Ltd., who make the machinery (above), skips several of the conventional steps, including removal of sulphur. Hence it yields a yarn with cream or ivory shade. Angled rolls (right) cause the yarn to advance from right to left as it is treated. Regeneration (hardening) washing, and drying are done on the rolls. As the yarn leaves the rolls, it is oiled. Spindle spacing is 10 in.; processing rollers are 3 ft. 8 in. long. The process requires only 120 lb. of water per lb. of yarn. (Conventional processing may take up to 1,000 lb. of water per lb. of yarn.) Claims: Yarn produced is superior to conventional types; according to Dobson & Barlow, breakage of the yarn in weaving tests was "10% to 20% of that usually encountered."



H cuts soldering cost 58% **with TOCCO Induction Heating**



INTERNATIONAL HARVESTER COMPANY, world-famous builder of farm implements and automotive equipment, reports the following benefits from TOCCO Induction Soldering of radiator tanks to core:

CUTS COST 9¢ EACH

Former hand method cost 16.3¢ each for medium size radiator. TOCCO soldering costs 6.85¢ each, saving 58% on this operation.

IMPROVES QUALITY

TOCCO's automatically controlled heat melts uniform solder ring at 400° F . . . makes every joint perfect. Eliminates rejects. Improves service in field.

IMPROVES WORKING CONDITIONS

Operator simply loads and unloads fixture. TOCCO eliminates fatigue, heat and fumes.

Mail coupon for further information.

THE OHIO CRANKSHAFT COMPANY

**FREE
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Mail Coupon Today

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Send free copy of
"Induction Heating"

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Company _____

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TOCCO



■ A cotton fiber content paper in a broad range of colors, Chieftain Bond is especially suitable for printing and lithographing. It has sturdy texture, impressive feel, appearance and uniformity. Chieftain Bond is used largely for business stationery, company letterheads and envelopes, sales letters, office forms and other semi-permanent documents.



These famous names identify the papers manufactured by the Neenah Paper Company. The name *Neenah* appears in each watermark to identify the genuine for your protection.

OLD COUNCIL TREE BOND
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TUDOR LEDGER
STONEWALL LEDGER
RESOLUTE LEDGER
NEENAH LEDGER
NEENAH INDEX BRISTOL

NEENAH PAPER COMPANY • NEENAH, WIS.

the other for finer yarns. H. A. Kuljian & Co., Philadelphia, is working on one using a unique roller system (pictures page 64).

It is doubtful if any rayon producer is not developing, or is not interested in, at least one continuous process.

• **Foreign Work—Abroad**, interest in streamlined production is also intense. Dobson & Barlow, Ltd., of Bolton, England, is promoting the Nelson continuous rayon spinning machine (pictures page 66). This machine actually disregards conventional processing. It skips over desulphuring and subsequent treatments to produce a yarn "with a view to economy in capital outlay, operational and recurrent maintenance costs."

Another British firm, Courtaulds Ltd., bought the rights to Industrial Rayon process. (But Industrial Rayon has found that—in the U. S., at least—the cost of the equipment is too high to justify increasing capacity.)

• **High Costs**—There have been widespread tries to bring down the cost of building new rayon plants. Even so, any radically new system—such as the Kuljian or Nelson methods—is probably too far away from commercial use to be of any immediate help in the present tight situation.

A conventional rayon plant takes well over a year to get into production; it is reasonable to assume that a plant producing material by a radically new system would take longer to get into production on a commercial scale.

Good Light Pays

Utilities and equipment makers push need for "planned lighting" to boost production, build sales, increase safety.

Good lighting pays dividends in increased production, better worker psychology, health, and greater safety. It's also a potent sales tool.

That was the story that the industrial and commercial lighting equipment section of the National Electrical Manufacturers Assn. told industry last week in Chicago. The occasion was the Second International Lighting Exposition. The theme: planned lighting—the use of engineering principles in choosing and laying out fixtures—gives the user the most return for each lighting dollar. And it means efficient utilization of light for specific needs.

• **"Controlled Lighting"**—The lighting men of course stressed wartime records of 25% to 50% production boosts due to better illumination. But they also had lots of new wares to intrigue buyers. General refinement of basic fixture design, particularly in the fluorescent field,

ALL TRUCK...ALL OVER



2 WHEEL DRIVE "Jeep" Trucks set new marks for low-cost operation and maintenance. 4700-5300 lbs. gross vehicle weight. Functionally designed bodies in all popular styles.

These are the trucks that America had a right to expect from Willys-Overland. Built around the world-famous 'Jeep' Engine, they set new standards for performance, economy and sheer engineering excellence.

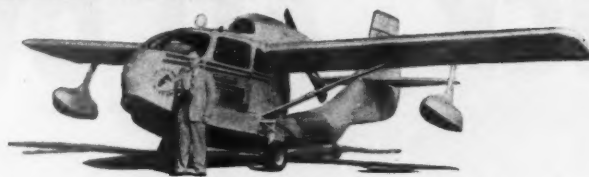
4 WHEEL DRIVE "Jeep" Trucks for the tough hauling jobs—off the road, through deep mud, up steep grades, over icy roads. 5300 lbs. gross vehicle wt. Power take-off optional.



'Jeep' Trucks

WILLYS-OVERLAND MOTORS, TOLEDO, OHIO—MAKERS OF AMERICA'S MOST USEFUL VEHICLES

MAKING FLYING SAFER



ROBERT T. SHEEN Equips His Republic Seabee With IRVIN Chair Chutes

● Robert T. Sheen, President of the Milton Roy Company of Philadelphia, manufacturers of controlled volume chemical pumps, uses his Republic Seabee for supervisory swings around the company's sales territory which includes the entire United States and Canada. On these long trips, Mr.

Sheen travels in comfort... and with maximum safety... because his Seabee is fitted with Irvin Custom-Built Chair Chutes. These unique Air Chutes* serve the same purpose on airplanes as life preservers on ships and prominent plane owners everywhere are installing them. Write Irving for details.



President Robert T. Sheen demonstrates how he dictates correspondence enroute in his "flying office." An Irvin Custom-Built Chair Chute is fitted into the back of the airplane seat. These Air Chutes*... attractive,

comfortable, convenient... are not worn normally but are always ready in an emergency. Custom-Built Chair Chutes are adaptable for all standard makes of planes... are relatively inexpensive and readily installed.

**FEEL SAFER
...BE SAFER**
with Irvin
Custom-Built
Chair Chutes



There are now over 35,000 registered members of the Caterpillar Club. Should you qualify, please write us.

*Reg. U. S. Pat. Off. Copyright 1947

IRVING AIR CHUTE CO.

INCORPORATED

1668 JEFFERSON AVENUE
BUFFALO 5, NEW YORK

Pacific Coast Branch: 1500 Flower St., Glendale 1, Calif.

was evident. The new fixtures are easy to install, easy to maintain. They feature "controlled lighting" that eliminates much of the undesirable surface brightness and uncomfortable glare.

One notable trend at the show was the extensive use of plastics to replace glass, steel, and other materials in fixture louvers and lenses. Research has come up with plastics that will withstand high heat and humidity, that are intended to control light as well as conventional glass. They are also lighter and cheaper.

● **Bright Ceiling**—Newest development in the commercial field (and an eye-catcher at the show) was the completely illuminated ceiling system. This room ceiling is made up of continuous sections of louvers suspended below the lighting fixtures. On exhibit were steel louvers shaped in egg-crate, rectangular, and honeycomb cross-sections.

Designed primarily for office, store, and commercial use, such ceiling systems permit diffused, high-intensity, low-brightness lighting. Another advantage: louvered ceilings conceal ducts, sprinkler heads, and fixtures.

Engineers at the exposition were also interested in Polaply, a glare-control medium which uses polarizing principles (BW—Nov. 17, 1947, p. 56).

● **Delivery**—Manufacturers were promising three to four weeks' delivery on most equipment. Hardest to get right now are porcelain-enameled parts.

Equipment manufacturers and distributors see \$7.5-billion ahead in potential sales; contractors an additional \$3.1-billion for wiring and installation. Lamp manufacturers look forward to a \$419-million market in annual lamp renewals, against \$96-million now. Even the utilities are optimistic: They are expecting an annual power consumption boost to 65-billion kwh. compared with 26-billion now. Since planned lighting is a long-range program, the utilities expect the present tight power supply situation (BW—Sep. 13, 1947, p. 15) will be a thing of the past before the new load becomes sizable.

● **Survey Results**—These big estimates of tomorrow's business are based on surveys sponsored by the Edison Electric Institute, a utility organization. E.E.I.'s surveys show that, to bring lighting up to Illuminating Engineering Society standards:

100,000 OFFICE BUILDINGS need five times as much light;
1,750,000 STORES need six times as much light;
30-MILLION HOMES need four times as much light; and
258,000 SCHOOLS need seven times as much light.

Add to these figures the potential illumination market in the industrial production field, and you can see why the lighting industry is bullish.

Process:.....nitriding engine blocks

Requirements:.....accurate temperature control
uniform heat distribution

Result:.....no rejects
low maintenance costs
clean manufacturing plant

Fuel:.....**GAS**

16' x 16' Hearth Nitriding Furnace.
Photo by: Commercial Steel Treating
Corporation, Detroit, Michigan.

Capacity and product specifications for the GAS-fired furnace include:

- Temperature.....975 degrees F.
Allowable Variation..... ± 5 degrees F.
Process Time.....96 hours
• Case Depth.....0.025 inches
• Atmosphere Supply.....Ammonia
• Production Rate.....200 Tons per Month

Commercial Steel Treating Corporation demands accurate temperature control and uniform heat throughout the chamber of its heavy-duty nitriding furnace. GAS fulfills these requirements; five years of successful operation supply the proof.

GAS, dependable fuel for industrial processing operations, meets the most exacting control and heating requirements. Low maintenance costs and cleanliness characterize GAS-fired installations.

You will want to study facts and figures on the use of GAS in your construction or modernization planning. The Industrial Representative of your local Gas Company has a wealth of useful information. He's as near as your telephone; he knows the answers.

AMERICAN GAS ASSOCIATION
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FOR ALL
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CURRENT DELIVERY*

ON A HYSTER FORK-TYPE LIFT TRUCK, STRADDLE TRUCK OR KARRY KRANE



Hyster "20"



Hyster "40"



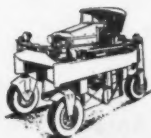
Hyster "75"



Hyster "150"



Hyster
Karry Crane



Hyster
Straddle Truck



HYSTER "20"—2,000 lb. capacity. Only 37" wide. Ideal for work in narrow aisled factories, warehouses and in box cars.

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7 HYSTER TRUCKS, all on pneumatic tires

HYSTER "20" FORK TYPE... 2,000 lbs. Capacity

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HYSTER "75" FORK TYPE... 7,500 lbs. Capacity

HYSTER "150" FORK TYPE... 15,000 lbs. Capacity

HYSTER KARRY KRANE... 10,000 lbs. Capacity

HYSTER "M" STRADDLE TRUCK... 12,000 lbs. Capacity

HYSTER "MH" STRADDLE TRUCK... 30,000 lbs. Capacity

Hyster Parts and Service Everywhere—See Your Nearest Distributor for Materials Handling Advice—for Catalogs.

**In a few restricted areas, certain Hyster models are not immediately available due to heavy demands by certain industries, but increased Hyster production will soon relieve this situation.*

HYSTER COMPANY

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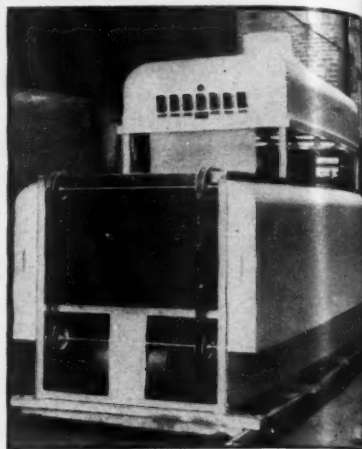
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1807 NORTH ADAMS STREET, PEORIA 1, ILLINOIS

1010-07 MEYERS STREET, DANVILLE, ILLINOIS



NEW PRODUCTS



Versatile Finisher

Two to twenty operations on small parts can be handled by a single machine developed at George Koch Sons, Inc., Evansville 4, Ind. It will automatically clean, rinse, and dry; dip, spray, and bake.

Parts move through the machine on a steel ribbon conveyor that is spirally wrapped around cylinders. Each cylinder carries the part through a separate process. Timing for operations is regulated by the driving mechanism and by number of turns of the conveyor belt around each cylinder. Sequence of jobs is interchangeable.

The machine loads automatically from either end. Its operation is "silent and continuous."

• Availability: 60 days.

Slip-Proof Belt

A nonslip machine belt, made with rubber teeth, has been announced by L. H. Gilmer Division of U. S. Rubber Co. The belt is designed for use with special pulleys grooved to fit the teeth. In operation, it is said to make positive engagement with the pulleys at speeds up to 10,000 ft. per min.

Steel cables embedded in the synthetic rubber reinforce the belt, reduce stretch. This reportedly eliminates the need for take-up devices on the machine drive.

The belt is said to be strong and flexible. The manufacturer, located at 7300 Keystone St., Philadelphia 35, says it is suitable for either power transmission or drive synchronization.

• Availability: immediate.

Field Machine Shop

Farmers can sharpen tools or make on-the-spot repairs with a field machine shop that attaches to a tractor. The unit, called the Farmcrafter, has a

INDUSTRIAL ALCOHOL PLANT OMAHA, NEBRASKA

Approximate annual capacity of this plant; 17,500,000 gallons 190-proof Ethyl alcohol, 63,000 tons stock feeds, 25,000,000 pounds mold bran, 4,900,000 pounds corn oil, 35,000 tons dry ice, 175,000 gallons fusel oil.

This fully-equipped, ready-to-go plant also suitable or readily adaptable to . . .

- ★ Corn sugar and syrup manufacture
- ★ Food processing
- ★ Agricultural feeds production

FOR SALE OR LEASE NOW

Here is an industrial grain alcohol plant with complete facilities for the following operations: (a) grain handling, including cleaning, storing and milling; (b) fermentation, including fermentation tanks and coolers with pumps, agitators and other accessories; (c) yeast processing, including tanks and coolers; (d) stilling and rectifying, including stills, condensers, rectifying columns; (e) evaporators and various equipment for solidifying recovered feeds and syrups.

LOCATION: This modern processing plant, located on 6.28 acres of land at Omaha, Nebraska, is on the west bank of the Missouri River. Omaha is in the heart of one of the nation's largest grain producing areas.

BUILDINGS: Five—of steel frame and brick construction are included in this offer. Other structures include grain elevators, storage tanks and gatehouses.

TRANSPORTATION: The plant is served by the C. B. & Q. and the Union Pacific Railroads. City-paved streets connect with arterial highways. Water transportation is available on the Missouri River.

BASIS OF OFFERING: (1) You can buy or lease land, buildings, machinery and equipment as an industrial alcohol unit.

(2) You can buy or lease land and buildings, less machinery and equipment, for other industrial uses.

(3) You can buy machinery and equipment for removal and use off-site.

SEALED BIDS: Your proposals will be accepted on Standard Bid Forms until 2:00 P.M., C.S.T., December 17, 1947, at War Assets Administration, Office of Real Property Disposal, 95th & Troost Avenue, Kansas City, Missouri.

WRITE NOW: Brochures, engineering reports and other information are available on this property.

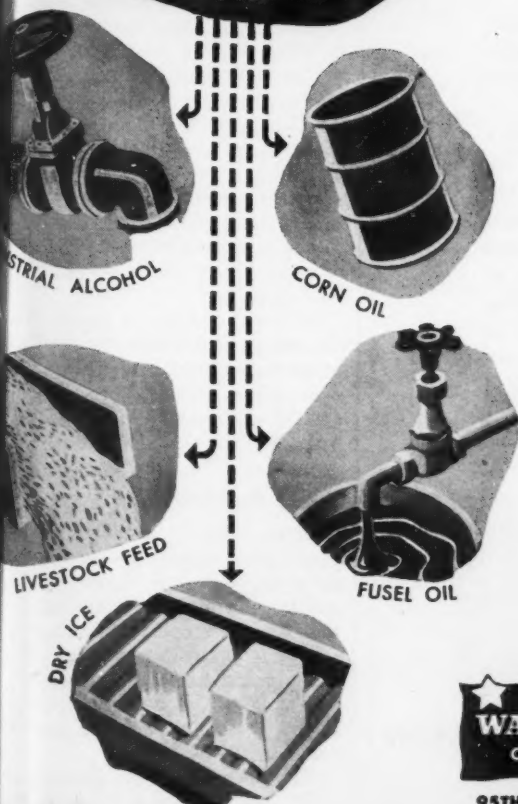
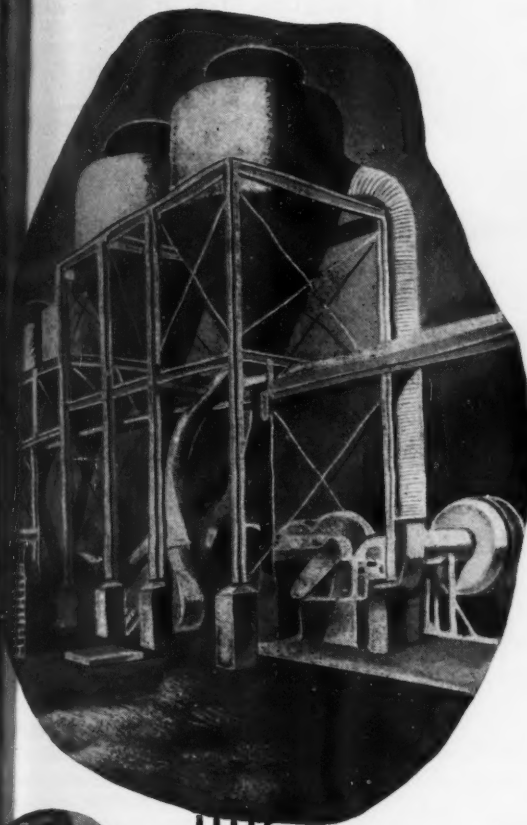
All requests for brochures and bid forms should be addressed:

WAR ASSETS ADMINISTRATION
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stay on top!



Manufacturing plants that get to the top of their field—and stay there—do so with volume production of highest quality goods . . . and with the *right* process water! One sure way to maintain product quality and speed production is with chemically-correct process water! That's why Permutit Water Conditioning equipment is used by leading plants in every industry to provide modern, correct process water! Regardless of *your* local water conditions, Permutit can give you process water that meets every plant requirement. Write for full information to The Permutit Company, Dept. BW-11, 330 West 42nd Street, New York 18, N. Y., or to Permutit Company of Canada, Ltd., Montreal.

New, improved, electric automatic water softeners for the home are again available—easy F.H.A. terms . . . no down payment!

Permutit

FOR 34 YEARS WATER CONDITIONING HEADQUARTERS

grinder, a drill press, an assortment of high-speed drills, and a flexible shaft that takes many standard attachments. It can be mounted on the shaft of a tractor power take-off, gets power from the tractor. Sherman Products, Inc., Royal Oak, Mich., is the manufacturer of the Farmcrafter.

• Availability: immediate.



Cold Maker

Lack of standard equipment to create low temperatures has often hampered scientists in their basic research. Arthur D. Little, Inc., Cambridge 42, Mass., is now meeting this problem with production of the Collins helium cryostat. The device liquefies helium to produce temperatures close to absolute zero (−459.6 F.).

The cold space of the cryostat is part of the refrigerating equipment, contained in a steel vacuum jacket. The jacket is, in turn, housed in a cabinet measuring about 3 ft. by 2 ft. The equipment includes a 10-hp. compressor and a low-pressure gas holder. The complete unit weighs some 2,800 lb. and occupies about 50 sq. ft. of laboratory floor space.

A heat exchanger in the device cools the compressed helium from room temperatures, changes it to a liquefied state. The equipment is said to maintain temperatures down to −456 F.

• Availability: spring, 1948.

Moisture Measurer

Many jobs in industry require exact measurement of the amount of moisture in the air. Examples: tobacco curing, film manufacture, food processing. For these operations, American Instrument Co., Silver Springs, Md., has developed a new humidity-sensing instrument. It says that the instrument can detect changes in relative humidity as small as 0.1%.

The operation of the element is based

the ability of a moisture-sensitive to change its electrical resistance changes in moisture content. This responds in less than a second to increases or decreases in relative humidity. The element is inclosed in a sturdy casing, measures 3½ in. high, 3½ in. diameter. Its measuring range runs from 7% to 100% relative humidity. Availability: 30 days.

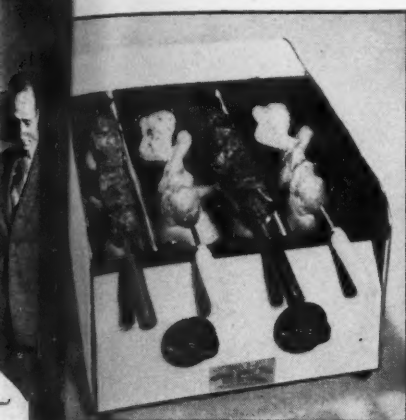


Table-Top Barbecue Broiler

New in home appliances is a table-top barbecue broiler that can be attached in the kitchen or used outdoors with bottled gas. About the size of a portable typewriter, the broiler has four removable skewers that rotate over open flames. The skewers turn either electrically or by clock-spring. The broiler has a heat rating of 3,200 B.t.u. per hour, turns out a meat course for four in three or four minutes. A griddle tray comes with the cooker, and a rack over the unit to convert it into a table-top broiler. The broiler is stainless steel, finished in enamel. David Nassif, 500 Statler Office Bldg., Boston 16, calls it the Cheftan. Availability: immediate.

S.

Truck loader works hydraulically from the truck's power take-off. The platform raises loads to truck floor level, acts as a tail gate during travel. Day Co., 306 W. 69th St., Chicago 21, makes it.

Rear-engine tractors will be produced by Allis-Chalmers Mfg. Co., Milwaukee. **Machine driller** with a horizontal tilting head handles work at angles up to 45 deg. above or below the horizontal position. Kaukauna Machine Corp., Kaukauna, Wis., is the maker of the new driller.

Paint brushes that are put away dirty can be kept soft and usable in airtight cellophane bags. Merryweather Products Co., Akron, Ohio, calls the bags Brushways.



**I'd rather
lose an argument
than money!**

**"Don't try to sell me protection
for my money and securities,"
I said to my insurance agent.
"I've had burglary and robbery
insurance for years."**



But, fortunately, my agent won the argument by showing me that I was only *partly* protected against loss of money and securities. While it is true that burglaries and robberies are increasing, he pointed to the many other ways I could easily suffer such losses unless I had the new **Broad Form Money and Securities Policy**. For example: Through pickpockets, theft, fire, water, flood, explosion, windstorm, strikes, riots, civil disturbances and other hazards, both *on and off* the premises . . .

Even my premises, equipment and merchandise now are covered for any damage which might result from a robbery or safe-burglary. . . . Just about everything is taken care of now that I have this complete package of protection. See why I'd rather lose an argument than money?

. . .

Ask our agent or your broker about our Broad Form protection—the most comprehensive of its kind you can buy. Do this before a loss occurs.



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DON'T MISS IT 21st EXPOSITION of CHEMICAL INDUSTRIES

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DEC. 1-6
Grand Central Palace
New York, N. Y.

Management International Exposition Co.

FINANCE



BOARD CHAIRMAN Robert A. Weaver of Ferro Enamel keeps his market growing

Building New Customers

That's what Ferro Enamel Corp. does—literally. It erects plants for makers of porcelain enamel, then sells them raw materials. Idea is profitable; company breaking sales records this year.

One good way to increase your business is to increase your customers' capacity to consume your products. Cleveland's Ferro Enamel Corp. has followed that theory for years—and it has paid off handsomely.

Ferro's principal product is frit—the basic raw material in the manufacture of porcelain enamel. It also makes glazes, color oxides, special refractories, paints, and a variety of other items. It makes no consumer products itself, sells only to other manufacturers.

• **Engineering Service**—But a second vital part of Ferro's business is to engineer, build, service, and remodel complete plants for the porcelain enamel industry, and kilns for the pottery, tile, brick, and other ceramic industries. And every such plant is a potential customer for Ferro's products.

Since the end of the war, the company reports, it has built 52 furnaces or complete enameling plants in the United States; that's just about equal to the total number existing in the country in 1940. And Ferro's financial statements prove the value of this policy: Net sales in the first nine months of

1947 were almost \$20-million—larger than any previous full year in the company's history.

• **Dividend Increased**—As a result of this record performance, the company will pay a final quarterly dividend next month of 35¢ a share. This brings total payments for the year to \$1.30. That compares with \$1 last year; it's the best since 1937 when \$2.50 was paid. (Assuming Ferro's foreign subsidiaries had been able to send their earnings home, this year's payments would have been perhaps \$1 a share higher.)

On the strength of this record, Ferro has had little trouble laying its hands on ready money when it needed it. Unlike many another corporation, Ferro has bypassed the new issues market for its financing. Last May it borrowed \$3-million from the Prudential Insurance Co. for 15 years at 3½% interest. Last week it announced that it had increased this loan by another \$1-million on Oct. 1.

• **Top Man**—Much of the credit for Ferro's prosperity goes to Robert A. Weaver. President of the company for 16 years, Weaver moved up to the board

If you did the cooking...

There'd be no stove to compare with yours.

But then—out of consideration for the person who does the cooking in your home—you've probably supplied her with the best.



If you did the typing...

No typewriter could hold a candle to yours.

Perhaps—to ease and speed the work of those who do the typing—you've already made sure that your secretarial staff has Royals. The best!



No "ifs" about it—Royals are tops!

Popularity! A national survey shows that Royal is the favorite typewriter among secretaries and typists—*preferred 2 to 1* over any other typewriter! Your typists will do more work, better work on machines they prefer to use!

Royal efficiency! There are work-saving, time-saving features on a Royal not found on any other typewriter! Meaning—*higher production per machine!*

Royal durability! These typewriters are *really* sturdy. Royals stand up . . . spend more time on the job, less time out for repairs. With Royal, you get the maximum return for your typewriter investment!



ROYAL~*World's No. 1 Typewriter*

INFORMED ACTION IS THE KEY TO SUCCESSFUL INVESTING



Varied purposes, inherent strength

REPRESENTATIVE OFFERINGS:

Akron City School District, Ohio
2% Bonds

Boston Metropolitan District, Mass.
1½% Transit Bonds

Fresno, Calif., Municipal Improvement
1½% Bonds

State of Michigan
1½% & 1½% Veterans' Bonds

New York City, Water Supply
3% Bonds

Omaha Public Power District, Neb.
1½%-4% Electric Revenue Bonds

The Sanitary District of Chicago, Ill.
1½% Bonds

In common practice, the term "MUNICIPAL BONDS" includes the tax-secured and revenue obligations of the several states, counties, cities, towns, villages and special tax districts. Thus, MUNICIPAL BONDS finance such installations as water and sewage projects, schools, streets and highways, bridges, public buildings, parks, airports and community light and power plants.

While the purposes of MUNICIPAL BONDS are many and varied, the inherent strength of these securities is relatively constant, sustained by their tax-secured or revenue-payment features, strong legal safeguards and the good faith of the borrower. Experienced judgment in appraising these factors is exercised by Halsey, Stuart & Co. Inc. in purchasing MUNICIPAL BONDS for reoffering to its customers.

Write without obligation for our latest offering list.

HALSEY, STUART & CO. INC.

123 SOUTH LA SALLE STREET, CHICAGO 90 - 75 WALL STREET, NEW YORK 5 - AND OTHER PRINCIPAL CITIES

This advertisement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as a solicitation to buy any of such securities. The offering is made only by the Prospectus.

\$20,000,000

R. H. Macy & Co., Inc.

Twenty-Five Year 2½% Sinking Fund Debentures,
due November 1, 1972

Price 99½% and accrued interest

Copies of the Prospectus may be obtained in any State from such of the several Underwriters, including the undersigned, as may lawfully offer these securities in such State.

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Harriman Ripley & Co.
Incorporated

Kidder, Peabody & Co.

Lazard Frères & Co.

November 6, 1947

chairmanship this year. But he is the company's real boss.

Weaver's influence over Ferro actually began before he moved into president's job. After several years with stove companies in the Midwest and Baltimore, Weaver moved to Cleveland in 1919 to set up the Ferro Enamel Supply Co. This was an exclusive sales agency for a newly created manufacturing company called Ferro Enamel Co. Weaver's firm was also to engineer and build enameling plants for the manufacturer's customers.

Until Weaver's appearance on the scene, Ferro Enameling had done little manufacturing and had made no sales of frit. Under his prodding, both companies prospered. In 1930 they merged into the present Ferro Enamel Corp.

• **Secrecy Dropped**—Weaver's theory that an enameling company, to prosper, must sell engineering service along with the product itself, was based on a shrewd appraisal of the field. He reasoned that, basically, there is little difference between one brand of frit and another and that, in any case, competitors could quickly meet new technical advances.

So Ferro broke with tradition. Historically, porcelain formulas had been guarded in careful secrecy by craftsmen—most of them European-born. But Ferro bought up satisfactory formulas, then made no bones about what was sand, and borax went into its frit.

• **Expansion**—As sales rose from about \$2.5-million in 1935 to nearly double that at the time of Pearl Harbor, Ferro kept shooting out new branches.

It built up foreign subsidiaries in England, Canada, the Netherlands, Sweden, Australia, Brazil, Argentina, South Africa, and Mexico. For the most part, these branches operate almost independently of the parent concern. Chances with which Ferro supplies them are technicians and information.

At home Ferro acquired in 1937 Allied Engineering Co. to handle the plant-building side of the business. In 1940 it purchased the Chase Drier Chemical Co.—now Ferro Chemical Corp. Since the war it has bought Telle & Kift, Inc., manufacturer of surface heating units for domestic ranges. Early this year it opened a new smelting plant at Nashville; in September started work on a \$100,000 clay-processing plant there.

• **New Products**—An important reason for Ferro's preeminent position in the field is its research activities. Out of these has come a long string of various new products: color oxide in 1937; Vedoc, a synthetic organic enamel, in 1940; a new process for making nickel cobalt oxide in 1943. Among the latest developments to come from the company's laboratories:

• A method of getting more good out of commercial fertilizer by mixing

Aren't you glad!



When you board the train and settle down to work, read, or relax in the comfort of your own private Pullman room...



2. ...and you decide to stretch your legs and ease into the friendly lounge car to get your mind completely away from office worries...



3. ...and you sink into that big soft bed for the kind of sleep that puts you in shape for a swell day's work next morning...

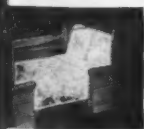


4. ...and you arrive—on dependable railroad schedules—right in town, close to your next business appointment... aren't you glad you decided to "go Pullman!"

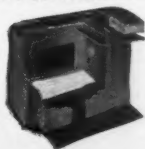
Go Pullman

THE SAFEST, MOST COMFORTABLE WAY OF GOING PLACES FAST!

Choice Accommodations in New Pullman Cars Soon Going into Service



Improved section accommodations (upper and lower berths) combine comfort and economy as they've never been combined before!



Latest Roomettes, and duplex roomettes for single occupancy, give you a private room, including wash basin and toilet, for little more than the price of a lower berth!



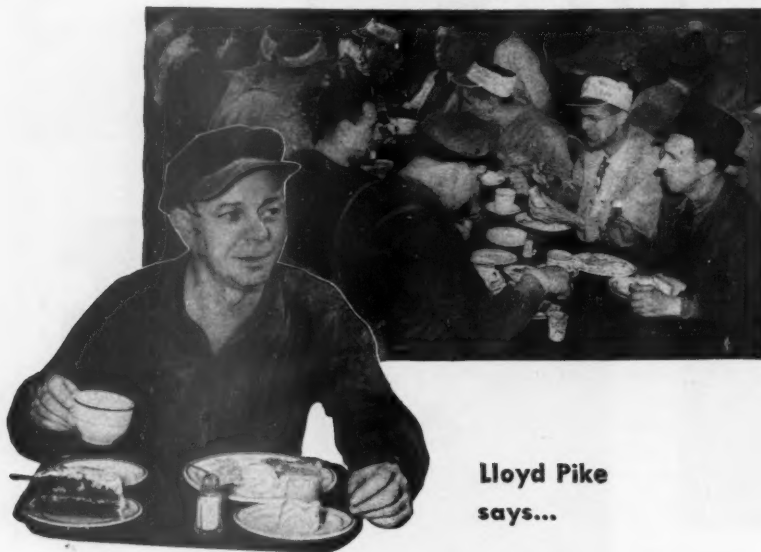
Bedrooms for two cost about the same as two lower berths! (Shown are connecting bedrooms for 3 or 4)



Spacious drawing rooms accommodate three people comfortably. They feature movable chairs, large beds, and enclosed toilet facilities.

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CROTTY-OPERATED RESTAURANT OF LEVER BROTHERS COMPANY
FACTORY IN CAMBRIDGE, MASS. . . . SERVING 3000 MEALS DAILY.



Lloyd Pike
says...

"Lever Brothers Restaurant Suits us Fine"

"It's a big help to have good hot food on the job . . . and Lever Brothers restaurant suits us fine."

Lloyd C. Pike is a welder at the main plant of Lever Brothers Company in Cambridge, Massachusetts. He's been a valued employee for 17 years . . . and popular with his fellow workers who are proud of their 12 year average employment by the company.

Together with other far-sighted labor relations policies . . . aimed at attracting and holding better type employees . . . Lever uses Crotty Brothers' service to make good, inexpensive hot meals available to Lloyd and his fellow workers.

Lever Brothers' wisdom in thus protecting its human relations as well as its plant investments is readily justifiable, according to Ellis Bird, Cambridge Plant Industrial Relations Manager. And their satisfaction with Crotty Brothers restaurant operation is underscored by their use of the service in their Hammond, Indiana, and Cambridge, Massachusetts, Plants and their Executive Office Building in Cambridge, Massachusetts.

★ From a series of case studies of in-plant feeding made by Richardson Wood, Industrial Analyst. A copy of his report on management's postwar opinions about employee feeding will be gladly sent free on request.

CROTTY
BROTHERS INC.

OPERATING IN 16 STATES AND 39 CITIES

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INDUSTRIAL RESTAURANT OPERATORS EXCLUSIVELY SINCE 1930

with powdered glass. Ordinarily, phosphates and nitrates in fertilizer appear into the soil if the plants do use them up during the growing season. Ferro believes that, by using powdered glass, it can control the rate of soil fertility. This would keep plant food in the ground for years, the company says.

• "Nammeroc," a new synthetic organic finish. This material, Ferro says, will cut labor costs in applying a finish to steel or pressed wood.

• For the Future—A number of other developments are currently in the works.

• Ferro has been working for some time with the Higgins Co., of New Orleans, to develop a house faced in and out with porcelain enamel.

• The company is devoting considerable research to silicones (BW—Mar. 29, p. 47). If these synthetics turn out to be a serious competitor to porcelain as a coating for household appliances, Ferro does not intend to be caught short.

• One of the newest projects is to develop ceramics suitable for use in engines.



SOME PEOPLE
JUST DON'T
LIKE BANKS

We've done our level best. Long ago we did away with the hated, tomb-like atmosphere.

We've tried to make our lobby as comfortable as your own front parlor. Our tellers are as pleasant as a sunny morning. Our motto is "The customer is always right—except when he's wrong." 9 times out of 10, we say "Yes" to loan applicants. Even our vice presidents smile every now and then.

But maybe you're one of those people who just doesn't like to visit banks anyway.

Then you can do all your banking here and never have to visit the bank after you have once opened your account.

That's right! You can make all your deposits by mail. Pay all your bills by check by mail. You can handle your savings by mail. Yes, even when you need a loan, the whole thing can probably be arranged over the phone.

If you can think of anything more to make it easier we'll be glad to oblige.

PIONEER BANK
THE BANK FOR YOU THE INDIVIDUAL
MAIN OFFICE PROVIDENT BLDG. • MAIN STREET OFFICE MAIN AND MARKET
CHATTANOOGA, TENNESSEE

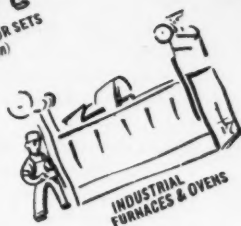
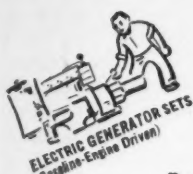
AN AD that makes unpopularity pay

FOR BANK-HATERS ONLY

A best seller for Chattanooga Pioneer Bank was this three-column ad that appeared in local newspapers. Written with an obvious tongue in the cheek, it stressed the convenience of banking by mail for people who shy away from banks. Proof that readers liked it showed in the big response from new customers—all undoubtedly confirmed bank-haters.

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Millions of dollars' worth of industrial equipment and supplies still remain in War Assets inventories of surplus war material. Some of the equipment is unused; some of it is used. All of it is for sale at extremely attractive prices.

Are you considering the purchase of additional equipment for your plant? Before you place an order, check with the nearest WAA Customer Service Center for listings of current offerings. Among these you are likely to find exactly the item you want, at a price that will save you a substantial amount of money.

Our inventory includes: Industrial Furnaces & Ovens • Welding Equipment (Arc, Resistance & Gas) • Conveyors (All types) • Industrial Trucks (Hand & Power) • Hoists (Chain & Electric) • Foundry Equipment • Electric Generator Sets (Gasoline-Engine Driven) • Motor Starting & Control Equipment • Industrial Fans • Steam Specialties

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WHERE THERE'S SMOKE

there's fire

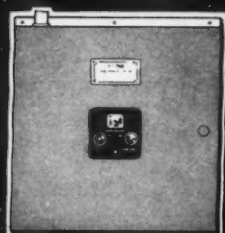


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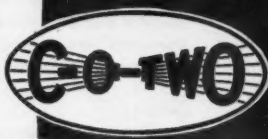
• Smoke is usually the first sign of fire—often it's undetected till it's too late. Valuable fire fighting minutes are lost because no one sees the fire start. C-O-Two is on guard all the time. With a complete C-O-Two detecting and extinguishing system, extra-hazardous areas and extra-valuable properties are safe from fire. The C-O-Two Smoke Detector continually draws air from the protected space. It picks up the first whiff of smoke and sets off visible and audible alarms. Automatically or manually released, cold, dry carbon dioxide gas-and-snow blankets the space and puts out the fire. It's over in seconds with no damage to buildings, equipment or material.

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Nickel Plate Shift

Road on own after severing 25-year tie with C.&O. It's in good financial shape, and its profits are rising.

For the first time in 25 years, the Nickel Plate R. R. is operating on its own. The knot that tied the line to the Chesapeake & Ohio was cut this week. C.&O.'s 57% interest in Nickel Plate common went to holders of C.&O. common as a special dividend (one share of Nickel Plate for every 40 of C.&O.).

• **Causes of Split**—Reasons for the breakaway aren't hard to find. A major cause is C.&O. chairman Robert R. Young's long-standing proposal to merge both Nickel Plate and the Pere Marquette into the C.&O. system. Nickel Plate preferred stockholders (who still have \$84 a share coming in back dividends) fought this idea so bitterly that Young backed down in the fall of 1945 (BW Nov. 3 '45, p. 20).

And Young's recent efforts to gain working control of the N. Y. Central—Nickel Plate's chief competitor—showed he was willing to give up the NKP.

• **Future**—According to Wall Street sources, the outlook for raildom's latest



WINNING ENTRY

Detroit's George D. Bailey is the new president of the American Institute of Accountants. He was named at the institute's annual meeting in Miami Beach last week.

Bailey is a partner in the prominent accounting firm of Touche, Niven, Bailey & Smart. He also heads the Community Chest of Metropolitan Detroit.



BIRTHDAY SALUTE

Canada's oldest bank, the Bank of Montreal, has just passed its 130th anniversary. On its slate were credits for giving the Dominion its first domestic currency and a branch banking system. When the bank started in 1817, trade was carried on by barter or with a potpourri of foreign moneys. The paper and copper tokens the bank issued became Canada's first real currency. Today, Bank of Montreal has more than 500 branches, capital and reserves of \$78-million.

independent" is pretty good—even though the Nickel Plate might not get much business from its former affiliates. Railroadmen recently estimated that Nickel Plate was getting about 5% of all its loaded cars from the young roads, but was turning back only about 8%.

However, the Nickel Plate still offers shippers one of the shortest Buffalo-Chicago rail routes. And, teaming with the Lehigh Valley or Delaware, Lackawanna & Western, it provides a very direct New York-Chicago route. Under its personable president, John W. Davin, the Nickel Plate is still flexing its arteries. Last March the road got controlling interest in the prosperous, 503-mile Wheeling & Lake Erie. This road produces rich coal traffic for its new parent.

Earnings Up—Financially, the Nickel Plate is in good shape to start out on its own. Fixed charges are now running around \$2.8-million a year. As recently as 1940 they were around \$7-million. At mid-1947, the road had working capital close to \$6.8-million, and cash of around \$10-million. In the first nine

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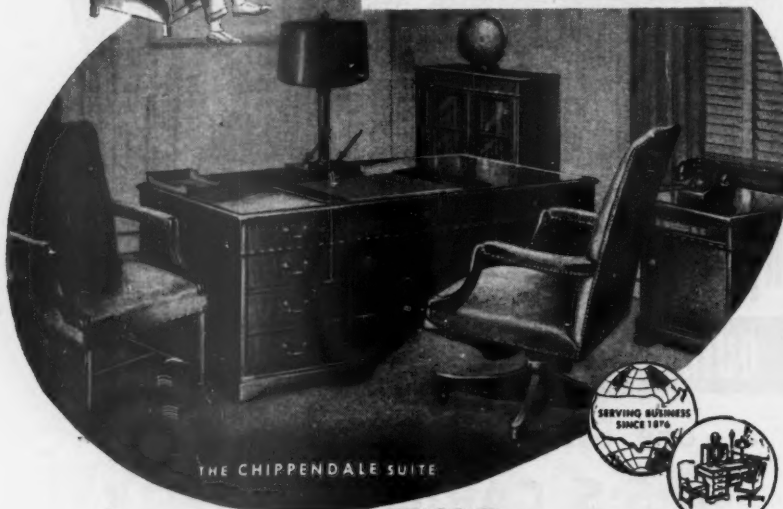
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months of this year, with revenues up 25% from a year ago, it earned almost \$5.5-million. In 1946, it netted less than \$3.9-million. The 1947 rate was equal to almost \$11.33 per share of common—after allowing for preferred requirements.

AS THE DOLLAR DROPS

Few companies make allowances for the changing value of the dollar in preparing their balance sheets or earnings statements. In conventional accounting, the 1947 dollar is worth just as much as the 1935 dollar.

But management men and their accountants are becoming increasingly aware of the problem this poses. They realize that a drop in the value of the dollar creates a gap in their capital. And they know that the way to close that gap is take the money from income. Only then can profits be accurately determined.

Some firms try to meet this problem by simply setting aside special reserves out of earnings. But this is a more or less rule-of-thumb procedure. So other firms are trying to include some evaluation of economic changes in their capital accounts.

To help companies that want to use the latter technique, Kuhn, Sunley & Co. has been established in Chicago. This accounting firm offers a specialized service in production costs, pricing, and profit determination. The work is undertaken in cooperation with a client's own accountants or a firm of public accountants.

LOANS TO DOORSTEP

The First National Bank of Waycross (Ga.) has thought up a new way to promote its farm loan business. It now has a station wagon on the road to deliver loans right at the doorsteps of farmers who can't take time off to go into town.

Head of the bank's traveling loan department is an experienced farmer named A. Q. Sweat. Thanks to his new station wagon, Sweat can now cover eight southern Georgia counties. For those nearer to the Waycross headquarters, he keeps special office hours (8:30 a.m. to 4:30 p.m.) to suit the particular habits of his clientele.

Sweat's operation provides the bank with some unusual public relations. During the busy tobacco season, for instance, he does the local farmers special favors. He will cart twine, fuel oil, and other tobacco-curing necessities up from town. Sweat supplements the bank's other goodwill efforts, which include sponsorship of clinics on tobacco blue mold, loans to 4-H'ers to buy purebred stock, as well as a soil conservation program.



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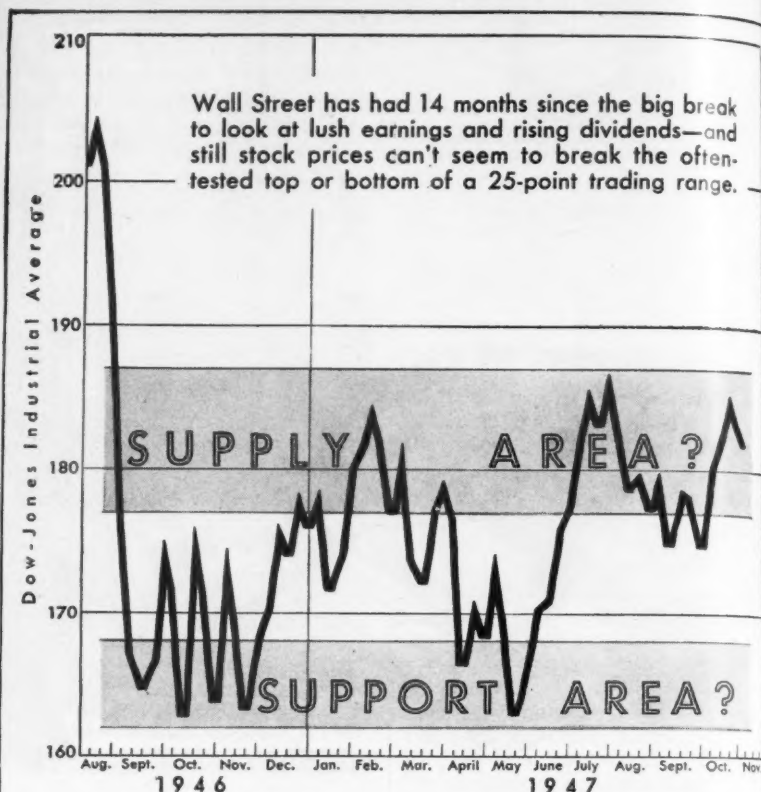
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THE MARKETS



Will Stocks Break Through?

Businessmen have big stake right now in reading market charts. How they move may depend partly on what Congress does with credit control. Bond market is a question, too.

Rarely does a businessman work up much interest in the "technical performance" of the stock market. Usually he says: "That's chart-readers' stuff." And he's right.

But this week, he could well afford to take a few minutes out with the chart readers. Their charts of the stock price averages are going to tell him a lot about business in 1948. Right or wrong, it will be worth listening to.

• **No Confidence**—Up to now, the stock market has given the business boom a vote of "no confidence." Corporate earnings are setting new records, but there is no reflection of it in the price tags that buyers have put on the securities that represent ownership of those earnings. For more than a year, the market has been saying stubbornly: "It won't last."

This is just about the only spot in our economic armor that isn't bright and shining. Businessmen and inves-

tors alike could feel a good deal more comfortable if stock prices would confirm the prosperity of the months ahead.

The market went to pieces in September, 1946, just when the business boom was hitting its stride. Ever since then, the Dow-Jones industrial average has been hemmed into a 25-point trading range.

Security Price Averages

	This Week	Month Ago	Year Ago
Stocks			
Industrial	151.6	152.3	152.2
Railroad	40.7	41.2	42.9
Utility	71.4	73.9	74.9
Bonds			
Industrial	120.5	120.3	121.0
Railroad	105.7	105.8	106.9
Utility	114.9	114.7	114.4

Data: Standard & Poor's Corp.

range. No amount of news—good or bad—has been able to blast it out. Tests—The floor of this trading zone around 163 on the Dow-Jones average. So far, the market has made two approaches and four real tests of this resistance point.

For the first three months after the September, 1946, break, the ceiling on the trading zone was around 175. In the January-February, 1947, rally, the market crashed through it—and then into another resistance level around 185-186. Three successive rallies have beaten their heads against this ceiling without denting it.

Which Way?—Now, the industrial average is bobbing around a little over 160, while bulls and bears alike wait to see what comes out of the special session of Congress. The big question on Wall Street's mind is: "Which way will the next move be? Will the market make another rush at the 185-186 resistance level? Or will it go back down and test the floor at 163?"

If the averages break out on the upside, the stock market will be throwing its weight on the side of the business boom. And that will involve more than just a confirmation of optimistic forecasts. A lusty stock market can make a big contribution on its own account to general prosperity. For instance, a bull market in stocks would make it easy for business to get the money it needs for more expansion (page 9).

On the other hand, if the averages should go back down—and especially if they should go through the floor of the trading range—the market would be doubling its bets on a business collapse. It could be wrong, of course. But in the face of such a dire forecast, every businessman would have to stop and ask himself: "Are there any weak spots in my own operation? Are my inventories too high? Are my collections too slow? Is my market as big as I think it is?"

Credit Control's Meaning

One thing for all traders to watch—and watch closely—is the way Washington's plans for new credit controls to fight inflation develop.

The grain markets, of course, will be hit directly if Congress establishes federal controls over their margin trading.

The stock market is in the clear as far as margins are concerned. The Federal Reserve Board already has full power to determine margins for listed securities. And it is satisfied that the present 75% requirement is about right.

Effect on Securities—But the stock market could be caught in the backwash of other credit controls. Any program of credit regulation will tighten up money supply—that's the object.

Lighter money means higher interest.

Thus, any kind of credit control is bad news for the bond market, which already is having its troubles. And a wobbly bond market is a serious drag on the stock market.

Faulty Yardstick

Company treasurers thinking about new financing operations have to keep a close watch on money rates these days. But one of the traditional money-market yardsticks—going prices for seasoned securities in the secondary markets—is not reliable today. This is why:

(1) The secondary markets haven't fully reflected the recent drastic increase in yields that has been necessary to put new issues across (BW—Nov. 1 '47, p69).

(2) Quotations on existing securities thus have become unreal. The markets are so thin that any but the lightest of offerings dry up the bids quickly.

• Gap—How far apart are the new-issues and secondary markets? Here's the picture as it pertains to bonds:

• As measured by Moody's bond yield averages (which move inversely to prices), seasoned, top-notch issues now offer buyers a return of around 2.75%. AA-rated issues, just one cut lower-grade, are selling on a 2.82% basis.

• In the new-issues market, however, you couldn't do much business at that figure. Current underwriting activity definitely indicates that even high-grade bond offerings must now return close to 3%—or even more—if they are to be moved successfully.

Preferred stocks present a similar picture. Here, too, the secondary market has not yet fully discounted the uptrend in money rates. But underwriters have. As a result, recent sales of new issues of high-grade preferreds have yielded from 3.92% to as high as 4.34%.

• End in Sight?—Many underwriters and dealers believe the new-issues market is not going to get any worse—at least temporarily.

But there's a big group of dissenters. They're worried by the persistent downward trend in Treasury bond prices. Nor do they like the way municipal bond prices have been acting (BW—Nov. 8 '47, p91). So they won't agree that prices have stabilized until the new-issues market is tested a bit further.

The Pictures—Fabian Bachrach—Cover; Press Assn.—20, 26, 84, 92; Int. News—21, 96, 100; Acme—21, 44, 109; Harris & Ewing—22; Paul Peters—25; McGraw-Hill Studios—58; Reuter-European—113.



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In many an airline board meeting, the new "Controlled Approach" methods for bringing a plane down through thick weather are regarded as a postwar synonym for "profits". All-weather flying means more passenger miles flown, less empty seats, more "profits".

To investors seeking safe landings in the selection of airline securities, the new MLPF&B survey offers a "Controlled Approach" in obtaining facts that are vital to sound investment decisions.

The survey explains the big paradox in the airline picture: Why earnings have been reduced while new records are being made in volume and revenue. It also takes the measure of such thorny problems as operating costs, new equipment needs, increased services, and current financial position. As always, the facts—favorable and unfavorable—are concise and unvarnished, add up to a full length picture of the industry as a whole.

In addition, "AIRLINES—1947" provides individual analyses of 18 airlines, together with detailed reports of interim earnings.

We'd like you to have a copy of this highly readable study if you are really interested in airline securities. We're sure you'll find it helpful. There's no cost. Just ask for "AIRLINES—1947". Address

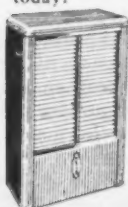
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VICTORY SMILES: U.A.W. president Walter Reuther and new secretary-treasurer Ed Mazey (seated, left and right), with running-mates Richard Gosser and John Livingston.

What Reuther Victory Means

U.A.W.'s shift to the right is a serious blow to the Communists in the American labor movement. Reason: It tips the balance of power to the right among C.I.O.'s three pattern-setting unions.

The shift of control in C.I.O.'s United Auto Workers this week also shifted the power balance in the American union movement. The economic and political consequences of a new lineup within the House of Labor will not be felt right away. But in the end the effect will be profound.

• **Unchallenged Control**—The victory of the Walter Reuther-right-wing slate hits the Communists in a vital spot.

First, it gives the nation's most articulate anti-Communist labor leader unchallenged control of the nation's largest union. There is no doubt that he will purge the U.A.W. of any left-wing influence that shows up.

• **Character Change**—Reuther's smashing victory in U.A.W. also changes the basic character of the C.I.O.'s Big Three—the precedent-setting, pattern-making unions in auto, steel, and electrical manufacturing industries. Up to now, the balance has been this: the electrical workers union, left-wing; the

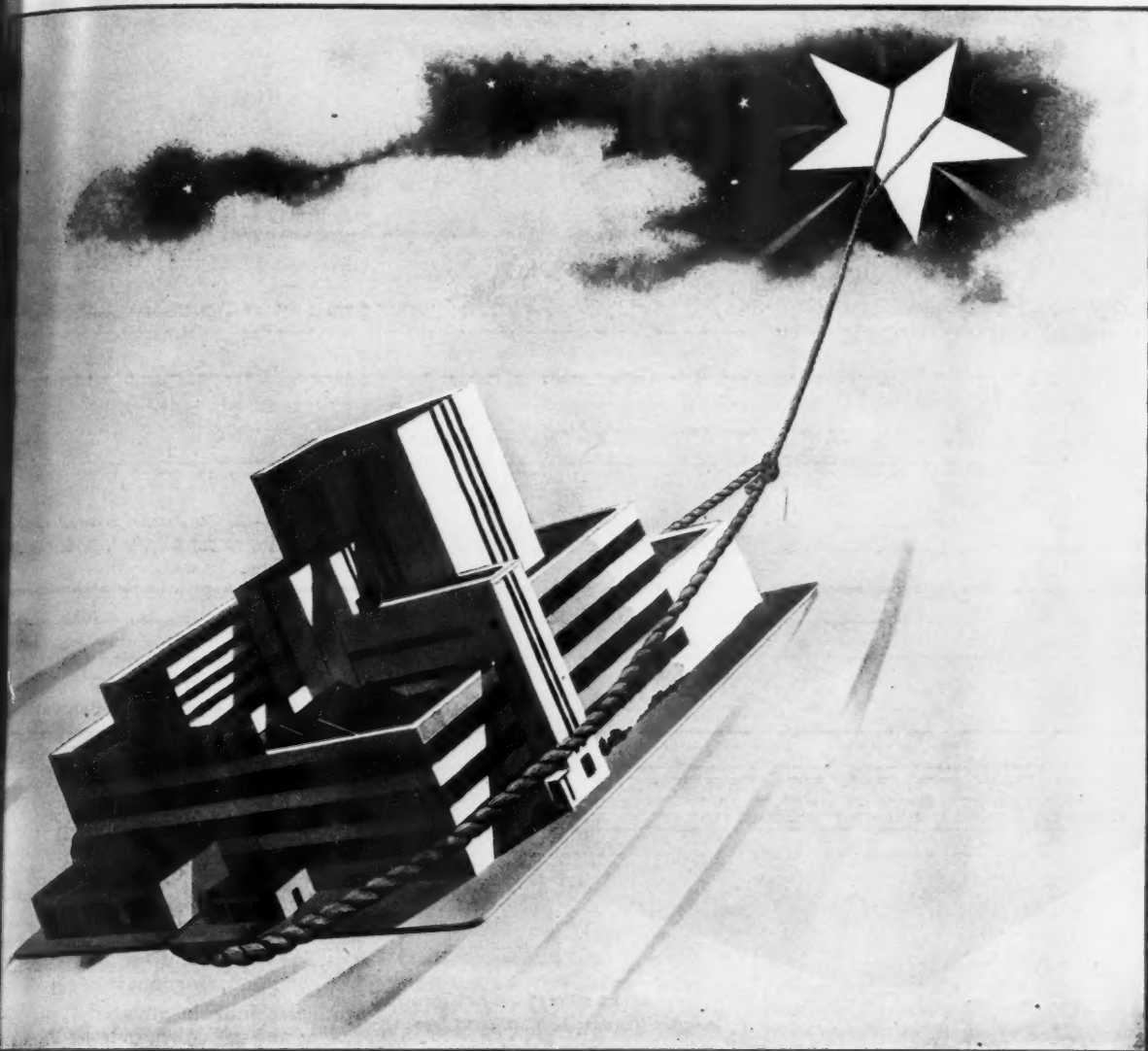
steel union, right-wing; and the U.A.W. more left than right. Thus pro-Communist elements have been important enough to be able to veto policies and enterprises undertaken jointly.

Now the U.A.W. is definitely anti-Communist. And that leaves the United Electrical, Radio & Machine Workers so isolated now that the ruling C.I.O. trio may become a duo.

• **Lost Beachhead**—Finally, Reuther's victory most emphatically confirms and strengthens a trend. In union after union where it hasn't had solid control the left-wing has been pulverized.

In the U.A.W., the pro-Communist have never held tight control. Nevertheless, it was in that union that they held their largest beachhead. To lose it so completely now means a loss of jobs, prestige, and of a base. All of these things were invaluable in maintaining left-wing influence on labor.

• **"Hillmanization"**—Secure now in his own organization, Reuther can be ex-



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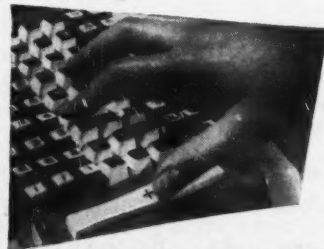
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pected to follow one precedent. This is the "Hillmanization" which marks the historical development of the new Communist labor leader in America. Sidney Hillman was a prototype of the radical tamed by the responsibilities of running a large union in a political and economic environment hostile to radicalism.

In the end, the Hillmans and the Reuthers manage to split their personalities. As trade union operators, they look a lot like their more conservative brethren. But on the slogan from they are as radical as ever.

• **New Wage Demands**—The auto industry can expect no quick benefits. To be sure, the factional situation is clear and many a management headache will thereby be relieved. But in the few months factionalism has been a minor factor in plant labor problems anyway.

However, Reuther wants nothing more than to follow up his victory over his opponents within his union with a dramatic victory for his membership. He doesn't have to clinch his control in U.A.W., but such a demonstration would secure the Reutherites' position against any effective attack in the near future. So in wage and welfare demands and collective bargaining, industry can not expect a softer U.A.W. in 1949, nor even in 1949.

• **Settling Down**—In the longer run, however, business can expect the country's most turbulent and anarchic union to settle down into familiar grooves. The vicious struggle for power within it, which gave it its stormy, unpredictable character, is ended. The "young Turks" have taken over. They will grow older and soberer. Their inning will last until the younger Turks come along and make their bid. In the meantime, the U.A.W. will be growing up.

Workers Aid Boss

Apex Electrical Mfg. Co. gets cooperation of unions in tackling problem of spotty quality of products.

The Apex Electrical Mfg. Co. of Cleveland has enlisted labor's help to solve an old problem of manufacturers' spotty product quality. In a move to make workers quality-conscious, Apex has launched a broad quality-control program. It even goes so far as having shop stewards investigate customer complaints.

In 1946 and early 1947 Apex found that material shortages and a drop in assembly-line efficiency had resulted in uneven quality. Inspectors caught

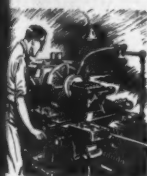
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Every business, time and again, runs into production snags. When the problem is *lubrication*, we're often called in to do the worrying. And eight times out of ten we come up with the right answer—*fast*. Because that's our job day in, day out, year after year—putting petroleum to work *efficiently*. This backlog of experience, coupled with the world's finest lubricants and fuels, is your best reason for calling Cities Service next time trouble calls on you.

CITIES SERVICE STOPPED TROUBLE HERE!



A screw products company in Cuyahoga Falls, Ohio, called on Cities Service for advice on machining a part of an intricate mechanism made of aluminum that required extreme

Hammer Mill Crushers. Cities Service engineers recommended Pacemaker Oil No. 2. The last report from the company said that since they standardized on this lubricant, no bearing



failures have occurred.



accuracy and finish. Chillo Oil No. 22 was recommended. Thereafter, the manufacturer reported the machined work was not only well within the required tolerances, but the work had a mirror-like finish. Tool life was also phenomenally good.

A brick and tile company in Iowa suffered numerous failures of the main drive-shaft bearings in their

"We use Solvent No. 26 for cleaning surplus oil and grease out of electric clock movements and we find it unexcelled for this purpose" ...so writes the president of an Illinois watch repairing and rebuilding concern after continued use of this

remarkable new Cities Service metal cleaning fluid.

A bus company executive in Cleveland, Ohio, recently said, "During the past four years, we used Cities Service Heavy Duty type oil with outstanding results—minimum wear, freedom from sludge and no engine failures—which has enabled us to give uninterrupted service to our customers."



Cities Service Oil Company
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Gentlemen: I have a production problem that involves lubrication. I would like to discuss it with one of your lubrication engineers, without obligation, of course.

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No Adhesive Works Under Tougher Conditions than **BOSTIK** does here



Says Mr. Everett Carlson, (right), General Foreman of American's Engine Overhaul Department: "BOSTIK Customized Adhesives have been extremely effective in our work . . . BOSTIK actually outwears the deicer boot itself! It's easy to apply, sets quickly. We can send a plane into the air within 30 minutes after application."



American Airlines has used BOSTIK Customized Adhesives for ten years. This company rates as their most important BOSTIK application the bonding of synthetic rubber deicer boots to aluminum alloy propeller blades.

Conditions are frequently rugged. Flying temperatures often drop to 40 degrees below zero, with ground temperatures ranging as high as 140 degrees Fahrenheit. Propellers whirl up to 1350 r.p.m.—and the weather's often wet.

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Write for full information today . . . ask for your copy of "Adhesive Facts."



B B CHEMICAL COMPANY, CAMBRIDGE, MASS.

"Whatever It Is BOND IT WITH **BOSTIK** Customized Adhesives



PICKET LINE SHIFT

Labor unions hold no monopoly on picketing. Grocery store owners took a turn at it in San Raphael, Calif., last week. The trouble started when one grocer met wage demands of his A.F.L. clerks. Other neighborhood grocers thought the settlement came too high, so they joined up to picket the signer's shop.

many substandard appliances (washing machines, ironers, vacuum cleaners) before they reached sales channels. But some got to customers; this resulted in complaints and service calls to dealers, distributors, and even Apex.

• **Advantage**—In launching its program for better quality, the company found that its cordial relations with plant unions gave it an advantage over many other employers plagued with the same problem.

Apex officials talked the problem over with men from the International Association of Machinists (in the Cleveland plant) and C.I.O.'s United Electrical Workers (in Sandusky). Department heads, union officers, and company officials held a series of meetings. Complaints about poor products were discussed frankly.

• **Problem Attacked**—There was a little buck-passing at first. Questionable workmanship, said union representatives, was due in large part to use of substitute materials. But with the token defense out of the way, all parties knuckled down to serious study of materials, methods, and shop practices.

Workers heard of the drive in the union hall. Then company time cards drummed on the theme with slogans

Which Girl

GETS MORE WORK DONE?



The girl at the right. The girl at the left? She's just working *harder*. She must assemble, interleave, type and register information through many thicknesses of paper, correct carbon copies individually.

But the other young lady types on a *single* sheet—a new Multilith reproducing master which already has the form on it in reproducing ink. She makes erasures just *once*. Then from this *one* writing, she quickly transforms blank paper into finished business records —

complete with form and written information —on a Multigraph duplicator.

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6 FACTS ABOUT THE BUSINESS WEEK AUDIENCE



54% of the subscribers to this magazine are owners, Presidents or vice presidents of companies with which they are affiliated. (Another 30% are major department heads).

1 OF EVERY 3
is an officer in one or more other businesses,

80% OWN HOMES
—76% of which are valued at over \$10,000,

1 OF EVERY 2
owns income-producing property other than his own home,

62% have an estimated gross worth of over \$25,000
(42% are worth over \$50,000),

38.9% carry over \$25,000 worth of life insurance

(From "Anonymous Please"—A Business Week Market Study—1946.)

"Every Apex Employee Must Be Product Inspector"; "If You Were Doing it . . . Would You Buy What You Are Helping to Make?"

• **Big Step**—Then Apex went a step further. In mid-1947 it assigned 10 shop stewards from its Cleveland plant and three from Sandusky to investigate product complaints from Toledo.

The company told the stewards that it wanted a critical study of the complaints.

• **Stewards' Report**—The stewards returned to the plants and drafted their reports to their local unions:

- There was evidence that slight oversights—forgotten nuts, screws, or bolts—were endangering Apex sales.
- Some workmen, forced by shortage to use substitute materials, were making them do a satisfactory job.
- Strict quality standards set by management were not being followed.
- That, despite these lapses, Apex was doing a generally good product job. The stewards said that they had seen more service calls on competitor items than on Apex products.

The shop stewards laid it on the line to union members: Keeping up quality must be accepted as a responsibility of the union and the individual worker. Sales, and therefore wages, depend on the excellence of the Apex product.

• **Result**—Within a matter of weeks inspectors reported to management that substandard rejects had dropped to a trickle. More important, few complaints now are being received by Apex and there has been a nosedive in the number of service calls reported by dealers and distributors.

Settlement Reached At Bethlehem Shipyard

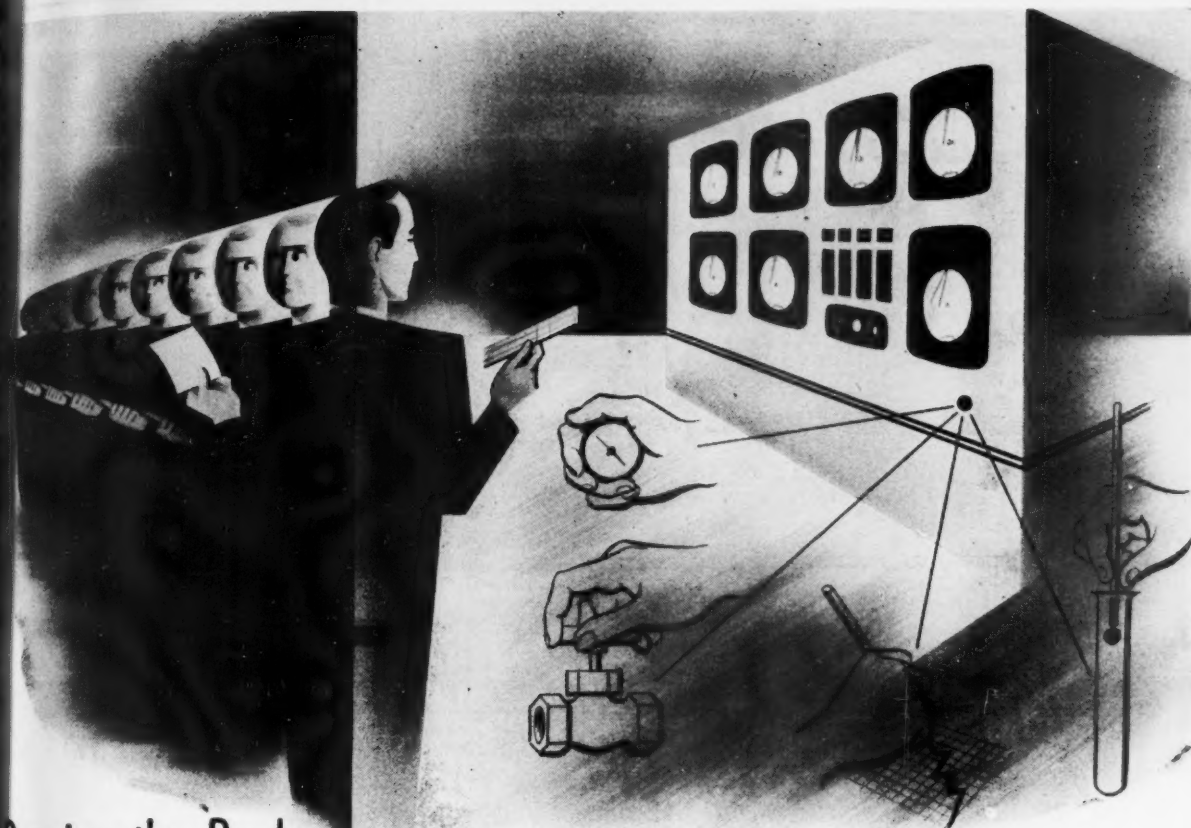
The year's longest major strike at Bethlehem Steel Corp. shipyards ended this week after 137 days.

Members of the Industrial Union of Marine & Shipbuilding Workers (I. O.) returned to their jobs under a compromise contract. A 12¢ hourly wage hike goes to all workers, including those under incentive pay plans (BW—Sep. 6 '47, p. 90). Bethlehem was its main demand — elimination of "troublesome and restrictive features of the wartime contract."

• **Other Disputes** — The agreement covers 22,000 C.I.O. shipbuilders at all Bethlehem yards except the Patapsco Scrap Corp. A strike of 900 workers continued there at midweek.

Bargaining sessions also continued this week at the Federal Shipbuilding & Drydock Corp. yard at Kearny, N. J.

• **Terms**—The Bethlehem settlement raises base pay of hourly workers from \$1.38 to \$1.50. Seniority rights in the



Passing the Buck

or Perfecting Processes ?

to maintain your profit margin

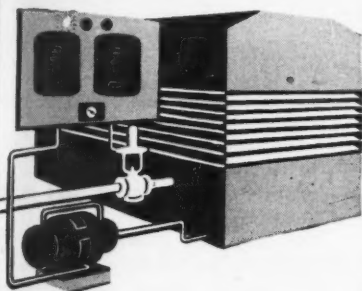
YOU MAY FEEL that boosting your prices is unavoidable. But, before you pass the buck to your customers, try modern instrumentation *applied to its full capabilities*. With this proven method for increasing productivity per man and machine, improving product quality and reducing spoilage, you might easily escape the issue of a price advance.

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solving almost every conceivable type of process control problem involving temperature, pressure, flow, humidity and other variables, Foxboro is regarded by modern industry as *first* in the field of instrumentation . . . first for many basic creations and developments . . . first for ingenuity in solving difficult new problems.

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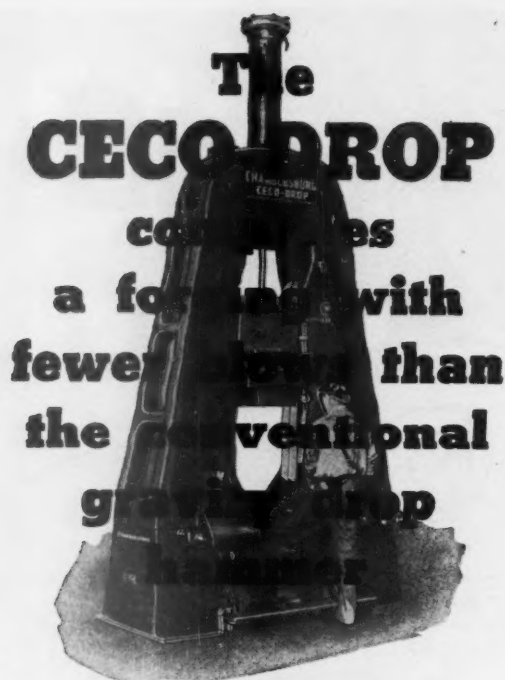


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By replacing previous controls with a Foxboro Control System, a nationally known manufacturer of plywood furniture was able to cut rejects to a minimum. This accurate, automatic control of temperature and pressure on huge presses provided the simultaneous application of heat and pressure essential to the adhesive quality of resins . . . stepped up both the quality and uniformity of the product.

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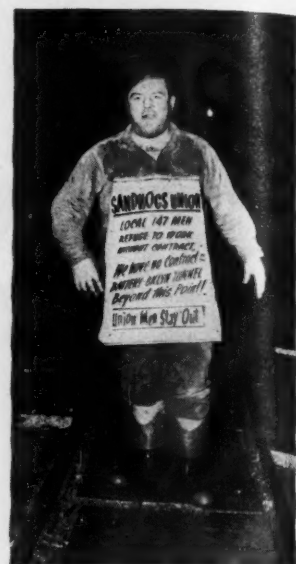
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UNDERWATER STRIKE

Underwater pickets added a new wrinkle to strike techniques in New York City this week. When a local union of A.F.L. sandhogs struck over wages on a Battery-to-Brooklyn tunnel job, pickets were posted where work stopped. For the union, it was a routine gesture: There was little chance that either union or nonunion workers could be found to resume the tunneling.

old contract are continued. In other particulars, however, union spokesmen say the new agreement is "not so good as the 1946 contract."

Nor was the union pleased when Bethlehem, particularly in Maryland yards, turned down many returning workers. The company explained it could not resume full-scale operations immediately, promised that all workers on the payroll June 23 would be called back as soon as possible.

• **New Union**—Bethlehem's yards were reopened during the walkout, and the company asserted that as many as 70% of the workers were on the job at times. Many signed cards in a revived independent union at Bethlehem—the National Marine Shipbuilders Assn. of America.

Last week, N.M.S.A.A. petitioned the National Labor Relations Board for a bargaining-agency election at Bethlehem's Baltimore yards; it claimed to represent 2,500 workers. There is a common belief that this move speeded the C.I.O.'s decision to settle. And it may forecast a jurisdictional fight.



Portrait of **A RABID MONROE FAN**

Once a girl gets her hands on a Monroe, just try and switch her to some other machine—you'll have a tough job on your hands.

She has become convinced that Monroe simplicity and Monroe 'Velvet Touch' ease of operation, enable her to turn out more work and better work with a minimum of strain and fatigue.

Simplicity and ease of operation are basic Monroe advantages in Monroe Calculators, Listing Machines, and Bookkeeping Machines. They are cutting figure costs in thousands of businesses large and small by speeding the work and saving the workers.

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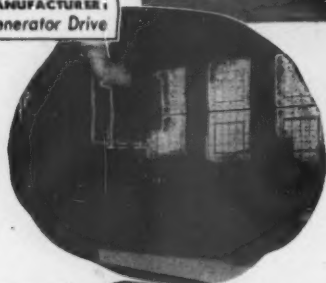
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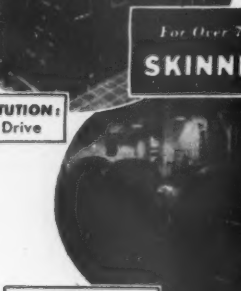
BREWERY:
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Skinner "Universal Unaflow" Steam Engines constantly increase in popularity; for year after year gives added testimony to their permanent economy of operation and maintenance. The efficiency of the patented design of the poppet inlet and auxiliary exhaust valves, steam-tight after long use and under any variation of steam pressure or temperature, has not been equaled by any other valve.

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Overtime Appeal

Labor questions prominent on Supreme Court's new docket. Longshoremen's premium-pay problem is up for review.

The U. S. Supreme Court agreed this week to hear two important cases involving complaints of pyramiding overtime.

At stake now is \$200-million in suits for back pay for longshoremen. But the National Federation of American Shipping has warned that a "fantastic" \$40-billion in costs for all industries might hinge on the court decision.

• **Policy Hewed To**—The question before the high court is: How should overtime be figured for longshoremen under the Fair Labor Standards Act?

Since 1916, stevedoring contracts have specified premium pay for dock work at night and on Saturdays and Sundays. The rate—time-and-a-half—is payable no matter what the total hours worked in a day or in a week. For six years, employers and the International Longshoremen's Assn. (A.F.L.) hewed to their established policy despite the wage-hour law. Both considered the premium pay to be overtime.

Last year, a different view of the law by the Wage-Hour Division upset the agreement.

The agency held that the premium pay specified by contract is not actually overtime; that it is, instead, a higher rate of pay for work at undesirable times. So it has to be lumped with straight-time pay to get the actual base rate for figuring overtime. To employers, this amounted to paying "overtime on overtime." A.F.L. longshoremen quickly decided that they were entitled to claim back overtime. Hundreds of stevedores filed suits.

• **Appeal**—Current Supreme Court action is based on the first two suits filed in New York. A U. S. District Court hearing ended in a decision for the two defendant stevedoring companies. Existing contract terms and industry practice should be honored, the court held. However, the Circuit Court of Appeals upset this decision, said the wage-hour law should apply. The federal government, as intervenor, appealed to the Supreme Court. Its interest: If longshoremen win their suits, the government might have to foot most of the bill because of its wartime cost-plus contracts with companies.

Government and management want that court approval of the idea could bring a wave of suits as threatening as that in the portal-pay controversy.

• **Alternative**—For the government, the Justice Dept. urged the Supreme Court

FIRST AWARD

AND WHY IT IS OF

FIRST IMPORTANCE

TO MANUFACTURERS WITH PRODUCTS
FOR THE INSTITUTIONAL FIELD



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A jury consisting of nationally recognized top-flight advertising men, have selected INSTITUTIONS Magazine for highest honors in a competition just completed. Over 600 entries from the nation's leading business and mass consumer magazines bid for this recognition.

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available to manufacturers with products for the huge institutional market.

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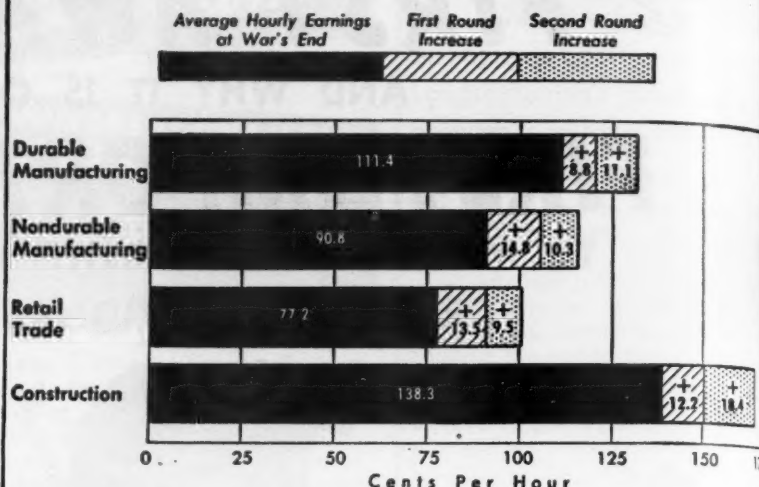


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... and its readers—all business men.

WAGES AS WE APPROACH "THIRD ROUND"



Date: Bureau of Labor Statistics.

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to dismiss the suits. The alternative, it said, would be "costly labor unrest in a large sector of the nation's economy."

It pointed out that working agreements similar to those of the longshoremen were adopted during the war in many other fields—in parts of the automotive, canning, preserving, cotton textile, men's clothing, nonferrous metals, smelting and refining, shipbuilding, tobacco, and trucking industries.

• **On the Docket**—Other important labor cases on the Supreme Court's 1947-48 docket include:

Injunction cases. The Colorado Labor Peace Act has a clause which permits injunctions and bars union boycotts in labor disputes. The clause is being tested in a case involving the A.F.L. Teamsters and Denver Milk Producers, Inc. The Colorado Supreme Court reversed a lower court ruling that the state's orders violated constitutional rights.

Another case (Bakery Sales Drivers Local Union vs. Wagshal's Delicatessen) involves a Washington (D. C.) injunction. Question: Is a writ legal if it was issued after a court found that no labor dispute existed under the Norris-LaGuardia act?

A third case (Greenwood Cafe vs. A.F.L.'s Hotel & Restaurant Employees International Alliance) has not yet been marked down for hearing. Its issue is whether a union can strike, under Alabama law, without waiting for an employer's answer to contract demands.

Plant guards. Jones & Laughlin Steel Corp. recently asked the court to amend its earlier stand that plant guards can join rank-and-file unions (BW—May 24 '47, p. 98). Its reason: The Taft-Hartley act now gives management the right to refuse to bargain with rank-and-file unions which represent guards.

Foremen. The Vail Mfg. Co. has asked the court for a new hearing on

its defense against charges of biased firing of foremen. Vail Mfg. Co. argues that its position is now lawful under the T-H law.

Union recognition. Legality of a successor to a company-dominated union is the issue in National Labor Relations Board vs. Keystone Steel & Wire Co.

Closed-shop discharges. The right of a union to force a worker's discharge under a closed-shop clause, for dual unionism is being tested in a unique case. An A.F.L. Lumber & Sawmill Workers local expelled a member for aiding a rival C.I.O. group at an NLRB representation election. Later, the A.F.L. union demanded that his boss fire him. NLRB ordered the worker reinstated. Dual-unionism, it held, can be a basis for discharges during a representation challenge. The union is seeking high court reversal of NLRB.

• **In Abeyance**—Five other labor relations cases are awaiting Supreme Court acceptance. Eleven cases have been refused high court consideration so far during the 1947-48 term. Cases which the court still has in abeyance include:

• A challenge of job restrictions brought by a Negro railroad fireman against the Brotherhood of Locomotive Firemen & Enginemen.

• A question raised by the Edward G. Budd Mfg. Co. about the effect of the T-H law on an NLRB order (under the Wagner act) against interference with foremen's organization.

• A Consolidated Machine Tool Corp. challenge of NLRB recognition of a union as bargaining agent in its plant. The company says that employees withdrew from the union before the NLRB ordered recognition.

• Two petitions (by Neptune Meter Co. and an independent union) asking reversal of an NLRB decision which held the union company dominated.

INTERNATIONAL OUTLOOK

BUSINESS WEEK

SEPTEMBER 15, 1947



The Administration wants to cut the Hemisphere in on the Marshall Plan.

U. S. dollars would buy Canadian wheat and Argentine beef for Europe.

The sales talk to Congress will be that this is the best way to relieve inflationary pressures here.

Actually, there are two other important angles:

- (1) It's the only way Europe can get enough supplies.
- (2) It will help our neighbors lick their dollar shortages.

The Canadian dollar problem is keeping Ottawa officials in a constant huddle (BW-Sep.27'47,p78).

Canada is running down its dollar reserves at the rate of \$70-million a month. By the end of the year, total reserves will be only \$500-million to \$600-million. At the start of 1947 they were a billion and a quarter.

For months now, Canadians have been on a spending spree in the U. S.

This year they'll buy \$1.8-billion worth of U. S. goods. But their sales in the U. S. will probably be less than \$1-billion. And their export surplus to the rest of the world doesn't bring in more than 50¢ on the dollar—in hard cash.

New York and Toronto financial experts would solve the problem by devaluing the Canadian dollar. They figure that Canada made a big mistake in 1946 when it pushed its currency back to par.

But Ottawa is dead set against devaluation. Instead, it's planning emergency import restrictions; they would hit U. S. business hard.

Cutting Canada into the Marshall Plan would put a new complexion on affairs. The restrictions wouldn't be quite as drastic.

U.N.'s new Balkan Commission should swing into action before the end of this month.

The nine-member group has two jobs: (1) to block the aid Greek guerrillas get from Albania, Bulgaria, and Yugoslavia; (2) to quiet the ruckus between Greece and these three Soviet satellites.

Washington is cynical about objective No. 2—at this time, at least. Its big interest is in sawing off the limb behind the guerrillas. President Truman minced no words on this score in his report to Congress on the Greek aid program.

But what Truman didn't say was this: When the commission gets set in its Salonika headquarters, the Greek government will launch an offensive against the guerrillas.

And the Greek army should be able to put up a better showing than it did last summer.

Reasons: (1) The U. S. has sent clothing, food, and arms for the Greek forces; pack artillery and other equipment for mountain fighting were included. (2) Greek commanders have been getting pointers from U. S. Maj.-Gen. William G. Livesay, top military man in the Greek aid mission.

French electrical equipment makers have landed a \$20-million order in Poland.

The contract calls for: (1) generators with a total capacity of 300,000

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
NOVEMBER 15, 1947

kw.; (2) equipment for a 220-kw. transmission line linking Warsaw and Lodz to the Silesian coal fields.

Paris is having trouble closing a wheat deal with Moscow.

The French would like 1½-million tons of Russia's surplus grain. They are offering pharmaceuticals, dyes, and electric motors.

But to date, Moscow's terms for the deal have been too stiff to suit the French.

So Moscow is dickering with Rome. Also, it's dangling its 2-million-ton wheat surplus in front of London again.

According to official calculations, Russia's oil production is running ahead of 1947 goals.

Asiatic fields are 14% above schedule; European fields are up 7%—says Moscow.

Whether you believe it or not, you can bank on this much: Now that Russia has publicly bragged about oil, it's sure to come through with the deliveries it promised Eastern European satellites.

The Dutch are as keen as ever on getting U. S. industry to establish branches in Holland (BW-Oct.4'47,p108).

Their latest hope is that Chrysler will set up shop there. (Ford is the only U. S. auto manufacturer with a plant there now.)

General Motors is meeting part of the Dutch demand for cars by bringing in Opels from Germany. G. M.'s Rotterdam office has contracted for 1,500 in 1948.

The Australian government wants to get telephone equipment produced in the Commonwealth. It's dickering with both U. S. and British manufacturers.

The proposals fit in with a \$100-million program to modernize and expand Australia's telephone services.

Work has stopped on Brazil's new \$150-million hydroelectric project at Lages.

The Canadian-owned Rio de Janeiro Tramway Light & Power Co. planned to push through the scheme in order to meet Brazil's growing industrial needs.

The Brazilian branch of Morrison-Knudsen, U. S. engineering firm, was handling the construction for Light & Power.

The trouble seems to be this: The Brazilian congress refuses to join the International Monetary Fund. Light & Power counted on Brazil's membership in the Fund to prevent devaluation of the cruzeiro by more than 10%.

Now the company figures devaluation will go further. If it does, Light & Power would have to earn that much more in Brazilian currency to pay its stockholders abroad.

So the company isn't willing to get involved in the heavy expenditures it planned.

BUSINESS ABROAD

Final Touches for ITO Charter

U. S. officials heading for Havana Trade Conference next week hope that agreement there will guarantee a fair field abroad for American free enterprise.

U. S. officials will be heading next for the Havana trade conference. They aim to put the finishing touches on the International Trade Organization charter that will guarantee a fair field for American private enterprise—time in the future.

What the proposed charter boils down to is this: a code of rules for international trade that should work when the world economy gets back into running order.

Slow Process—It has taken more than two years to hammer out these rules. The State Dept. laid down the design for the ITO Charter. Then, at London, New York, and Geneva, an 18-nation committee shaped it piece by piece.

The charter is long. It runs to nine volumes, 100 articles, and about 25,000 words.

It is complicated. It attempts to tie into a single document not one complex agreement but six—on employment, economic development, international private investment, cartels, commodity arrangements, and the constitution of a new U. N. agency in the field of international trade.

It is shot through with exceptions. The most significant involve import quotas and subsidies.

Compromise—The exceptions show that the U. S. knows that any other kind of charter doesn't have a chance in today's world. The ITO planners are gambling on at least blazing a trail through the trade jungles now—to prepare for a real clearing-out later on.

And they are encouraged by the fact that one of the chief provisions of the charter—a general reduction of world tariffs—has been agreed on already. As a product of the charter negotiations at Geneva, 23 nations recently signed bilateral trade agreements covering 45,000 items (BW—Nov. 8 '47, p107).

Close Study—In the U. S., the proposed ITO charter provisions have been getting a close going over for more than a year. Thousands of pages of testimony have been recorded. Hundreds of witnesses have been heard. Scores of groups such as the National Association of Manufacturers, U. S. Chamber of Commerce, and National Foreign Trade Council have had their say. Public

hearings have been held in seven major American cities.

As a result, the Geneva draft of the charter is a vastly different document from the first one presented by the U. S. in December, 1945. The language has been clarified. Whole provisions have been thrown out and new ones written in. Safeguards for American industry have been strengthened.

• **Ticklish Question**—The hottest issue in the charter is about economically undeveloped countries.

At last year's meeting of the preparatory committee in London, countries such as India, Australia, and China argued that they should be free to restrict imports—even through quotas. The problem was ironed out by a new provision: To promote new industries, an

undeveloped country could get ITO permission to use restrictions that otherwise were banned.

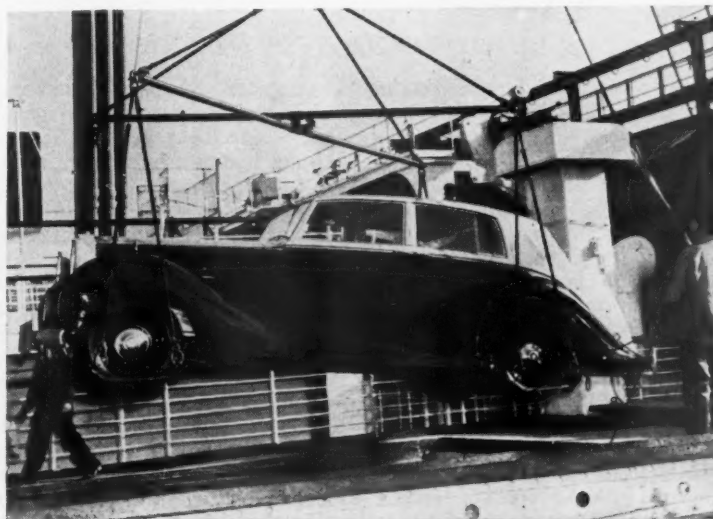
At Geneva the issue was reopened. Here the attack centered on the question of "prior approval" by the ITO. In effect, the undeveloped countries wanted the right to restrict first, ask about it later. Led by the U. S., the industrialized countries refused to yield on the principle of prior approval.

When the Geneva conference ended, the only real holdout on this point was India; it had led the fight. The State Dept. admits that the prior-approval issue could be reopened at Havana in such a way as to create a bad split. But State is gambling that India will finally string along.

• **Issues**—That would leave only three major issues to settle at Havana:

(1) **Voting power.** In effect the Geneva draft sets up a choice between the "one country-one vote" system and a weighted one based on factors such as population and share of world trade. The draft also sets up a combination of the two systems for voting on certain ITO matters; just what they are has not been decided.

The U. S. will be sitting pretty if any method of weighted voting is adopted at Havana. Even if the "one country-one vote" method goes through, the



BRITAIN'S LUXURY CARS CHASE DOLLARS

First postwar Rolls-Royce and Bentley cars, tenderly unloading in New York, represent another step in Britain's big bid for U. S. dollars. Seven of the de luxe models, priced from \$12,900 to \$19,200, had their American premiere in New York last week, prior to touring U. S. cities. Luxury features include electrically operated windows, built-in desks, vanities—even cocktail bars. Britain expects to sell 1,000—about \$15-million worth—within the year. Practically the entire Rolls-Royce output is slated for this country. The Britishers will have to wait.

Lineup for the Havana Conference

The biggest world economic conference in history opens Nov. 21 in Havana. There about 1,200 delegates from 50 or more countries will put the International Trade Organization Charter in final form.

• **Participants**—Invitations to the conference went to the 57 U. N. members. Several have refused to take part: Russia, Yugoslavia, Ethiopia, Saudi Arabia, and Siam.

The following nonmembers of the U. N. have also been invited:

Australia
Belgium
Brazil
Canada
Chile
China

Czechoslovakia
Cuba
France
India
Lebanon
Luxemburg

Netherlands
New Zealand
Norway
Union of South Africa
United Kingdom
United States

Albania, Austria, Bulgaria, Burma, Ceylon, Finland, Hungary, Indonesia, Italy, Portugal, Southern Rhodesia, Switzerland, Romania, and Transjordan. So far, Bulgaria is the only one of these to go on record against attending.

• **The Groundworkers**—A preparatory committee of 18 nations has been shaping the ITO Charter at three previous conferences. (The Soviet Union declined to join this group). The 18 are:

American delegation won't be spending any sleepless nights.

Briefly, this is the reason: The chief decision to be made on the basis of voting power is whether to let a member country slap on import quotas—temporarily—to safeguard its balance of payments. The New York draft of the charter said that ITO had to make this decision "in consultation" with the International Monetary Fund. In the Geneva draft, the U. S. pushed through a change that leaves the final decision up to the Fund itself. Since the U. S. holds almost a third of the votes in the Fund, it will have pretty much its own way on the question of import curbs by ITO members.

(2) **Relations with ITO nonmembers.** There are two proposals that have a chance of acceptance. Both are designed to make it unattractive for a country not to be a member. The method is to confine benefits of the charter to countries willing to accept its obligations.

(3) **Export subsidies.** The only real defeat for the U. S. at Geneva was the way the conference limited the use of export subsidies. This is sure to come up again at Havana.

Compared with the New York version of the charter, the use of export subsidies on primary products (cotton, grain, lumber, and fish, for example) is greatly restricted in the Geneva draft. Prior to the war, export subsidies on cotton and wheat were a feature of our farm program. And the U. S. can't see why the Geneva text permits use of domestic subsidies, such as direct payments to farmers to increase production. These also act to stimulate exports.

• **Major Issues**—Except for the export-subsidy and undeveloped-country issues, major decisions made at Geneva are ex-

pected to have easy sailing at Havana. Here's a thumbnail sketch of the more important:

Quotas systems. Generally forbidden after 1951, but qualified by a number of exceptions. The chief exception permits a member to use import quotas to forestall or halt a serious decline in foreign exchange reserves.

Exchange controls. Provision against attempts by members to get around the charter by juggling their exchange controls and thus restrict the flow of trade. ITO members who don't belong to the International Monetary Fund are required to join or to make a special exchange agreement with ITO.

State trading. A member maintaining an internal state monopoly—for instance, France over tobacco—must report the markup it adds to an imported product sold at home. It must also negotiate with other countries the extent of this markup—the same as it negotiates with respect to tariffs.

International investment. Subject to safeguards—as those affecting sovereignty—members agree to provide full opportunities for foreign investment. This is to be backed up by maximum security for existing and future investments. A member may continue discriminations already in effect. But in adopting future measures, it must treat all members equally.

Commodity agreements. Members agree to limit their present freedom to make commodity agreements with other nations (to control the output and price of tin, sugar, etc.). If made, such agreements must be open to any ITO member on equal terms. And these must be given full publicity at every stage.

Invisible tariffs. Members are forbidden to nullify tariff cuts by using restrictive methods of customs adminis-

tration, by imposing discriminatory internal taxes, or by resorting to forms of hidden protection.

Restrictive business practices. Each member guarantees that all its commercial enterprises, public as well as private, will not curb competition, limit access to markets, or foster monopolistic control in international trade.

Employment. Each member undertakes to maintain full employment. The commitment here is the same as made by the U. S. under the Employment Act of 1946.

Structure of ITO. Basis of the organization is a conference of member states. An executive board of 15 members, a director-general, and a staff will administer its affairs. Some functions will be delegated to (1) a technical committee, made up of member-countries who have already negotiated a treaty in trade barriers, and (2) a small number of specialized commissions composed of technical experts.

Rhodesian Ore

If British companies find iron deposits are commercially workable, plan to industrialize colony will swing into motion.

LONDON—The ambitious multimillion-dollar scheme to industrialize Rhodesia is looking like a better-and-better bet. When and if it goes through, Rhodesia will become an important factor in the world production of special steel.

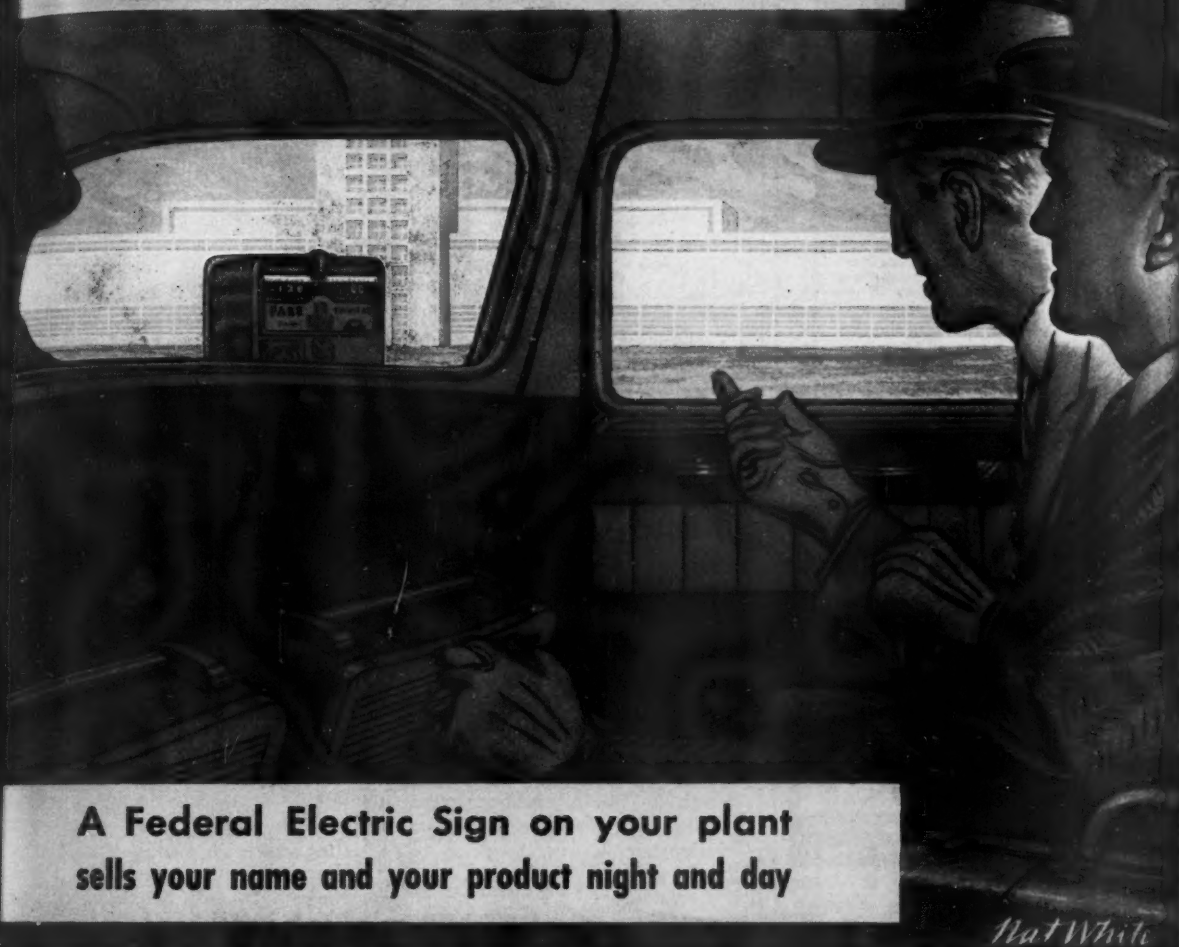
• **Materials Available**—Pivotal project in the industrialization blueprints is large-scale production of chrome steel. The planners see big possibilities in this for Rhodesia. Hematite (iron) deposits are known to exist in the north of the Zambesi River. The only remaining question is whether they are available in commercial quantities and are easy to get at.

The other necessary raw materials—coal and chromite, have been worked commercially in Rhodesia for years. Another reason the planners count on alloy steel rather than carbon steel is that a vast hydroelectric potential is available to run electric furnaces.

• **Report**—Latest word on the undertaking comes from a recent interim report made by two British industrialists, Sir Thomas Miles, vice-chairman of the Nuffield Organization, and Sir C. Denistoun Burney, a director of the Sheffield steel firm of Thomas Firth & John Brown, Ltd.

Miles is acting as industrial adviser to the Southern Rhodesian government. Burney's firm will have a financial interest in the scheme. It started investigating ore deposits a year ago, and

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plans to go on prospecting for another year before it decides whether they are workable commercially.

• **Outline**—So far, only the bare outline of the plan exists. The final details won't come through until the geologists and engineers turn in their full report.

If the current tentative plans pass, however, the scheme will be financed a three-way deal. The colonial governments of Southern and Northern Rhodesia will put up \$36-million each, steel company will chip in another million. But the two colonies

AMSTERDAM LETTER

AMSTERDAM—Holland doesn't suffer from scarcity of food. There is no abundance, but there is no hunger either. The country does have a dollar scarcity, but it's not so acute as in many other nations. Holland, however, does suffer from disappointments and red tape.

Disappointment: at developments in the Netherlands Indies, where two years after Japan's defeat a kind of war is still being waged, where the \$1.5-billion of Dutch investments are crumbling, and where economic recovery is hardly yet on its way.

Disappointment: at the vacuum in Germany on Holland's eastern border, and at the preference given by the Allies to Hamburg and Bremen over Rotterdam, Germany's natural Rhine-River port.

Red tape: the fetters by which trade and industry are bound; government bureaus that hamper initiative and enterprise; price and other controls; formalities and documents. These are inseparable attributes of planning in Holland as elsewhere.

THERE IS RECOVERY and activity in all quarters, nonetheless. Foreigners visiting Holland are astonished at the rate of reconstruction.

Nearly all bridges (hardly any of the Dutch bridges escaped German destruction) have been repaired. The railroads carry more passengers and goods than prewar; they are actively working toward complete electrification. Roads are being repaired full speed. Shipping has reached 85% of prewar volume (it fell to 50% after liberation); the Dutch airline, K.L.M., spreads its wings over the entire globe.

Industrial production in July reached a level of 94% of prewar, against 67% a year ago. Wherever one looks in the industrial districts, there is intense activity. Shipyards are running at full capacity. Holland's largest enterprise, Philips

Lamps, is producing more than prewar. Rayon, metal-products, concrete, chemical, and many other factories are working hard and are making excellent profits—though fighting at the same time against the odds of obsolete equipment and scarce raw materials.

But exports have not kept pace with production. There's an annual gap in the trade balance of some \$750-million.

Today this is being covered by foreign loans. But the gap must be filled up soon by the sale of Dutch goods. The question is: How? For Dutch dairy products, a large part of the world has been closed; for some other products Dutch prices are not yet competitive. So prices must go down.

Here the government is fighting a desperate battle. To date it has succeeded in keeping official prices and official wages fairly well in equilibrium. And, to some extent, it has stabilized the cost of living (by means of a very costly system of food import subsidies). But if foreign prices continue to rise, it's a foregone conclusion that Dutch wages will have to break through the ceiling; that would mean a step on the road to inflation.

ONE RAY OF HOPE is keeping Dutch spirits up. It is called Benelux—a horrible name for a plan with big potentialities.

Benelux—the coming Belgium-Netherlands-Luxemburg customs and economic union—is neither overrated nor underrated here. The Dutch are levelheaded. They fully admit the difficulties. But they know that the Low Countries can surmount their difficulties only by joining hands. They believe that in Benelux they'll find compensation for their wartime losses. And they think they may even give the world an example of what can be done by peaceful and constructive cooperation and by the partial sacrifice of sovereign economic rights.

final approval until they see results of the surveys.

—First construction project on schedule will be the key Zambesi dam, across the Kariba Gorge. Its towering 300 feet (three times higher than Hoover Dam) will hold back 53-million cu ft. of water. This will run a hydroelectric plant with a capacity of 750,000 kw. to keep the Zambesi in check during rainy season, irrigate hundreds of thousands of wasted Northern Rhodesian land.

The planners are pinning their hopes on cheap electric power. If it turns out to be as cheap as they think, the Rhodesian steel plant will roll out ingots costing for 25% less than the current United Kingdom product. Estimated cost of the power: less than 1¢ a kilo-

—The over-all scheme calls for 120 miles of railway. This will link up the Zambesi power project with the Southern Rhodesian system.



HISTORY REPEATS

Faced with an economic crisis as grave as any during the war, the British government has called back women and girls to industry jobs they gave up after hostilities ended. One of the chief barriers to Britain's recovery has been its acute shortages of manpower. Girl operatives at Roy Tallent, Ltd., new factory on the Aycliffe Trading Estate in northern England, are taking their places beside returned servicemen. They are producing fancy goods in Britain's life-and-death battle of production.

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| 2. Would you be interested in letting someone else worry about your shipping problems and relieve you of your export headaches? | () | () |
| 3. Are you wary of financial or exchange risks? | () | () |
| 4. Do you need competent representatives in major trade centers abroad? | () | () |
| 5. Would you like an opportunity to do a profitable export business on a domestic basis? | () | () |

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READERS REPORT

Understanding Labor

Sirs:

I cannot see how a successful industrial labor relations policy can be developed by any employer without a thinking through of the basic philosophy for management of labor relations and the direct part that the factory play (and by what general channels) in satisfying basic cultural needs of industrial workers as a class.

Certainly such a philosophy or general operating policy, whatever it may be termed, can hardly be conceived without a clear understanding of the counterpart in labor philosophy of the specific subject of your three Labor Angles [BW—Sep. 20 '47, Oct. 4 '47, p. 88; Oct. 18 '47, p. 98].

Even though the subject is so important, it is very difficult to find it treated in a readable condensed form available to the industrial executive. I have done a very worthwhile piece of writing on the subject.

D. M. M.

ARMSTRONG CORK CO.,
LANCASTER, PA.

● Reprints combining the three Labor Angles discussing "Who does Thinking for American Labor?" may be obtained by writing Paul Montgomery, Publisher, Business Week, 330 W. 42nd St., New York 18, N. Y. Sample copies free. Extra copies at 20¢ apiece. Quantity prices available on order of 11 or more.

"Splendid Job"

Sirs:

It is difficult to pick out the one or two things of the many which I would like to tell you about the splendid job you did in writing up the San Francisco Employers Council [BW—Oct. 18 '47, p. 106]. . . . You have succeeded in doing certain things in a way which we have been trying to do many times. Somehow I feel that some of the things concerning our council were better treated in your article than anywhere else in my experience.

GEORGE O. B.

GENERAL COUNSEL,
SAN FRANCISCO EMPLOYERS COUNCIL,
SAN FRANCISCO, CALIF.

Effects of Fair Trading

Sirs:

May one lift an eyebrow at your report [BW—Oct. 25 '47, p. 49] that a survey has proved drug and cosmetic prices to have risen only 3.1% since 1939? The lift results from the accompanying

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MARTIN ULLMAN,
NEW YORK, N. Y.

5. BUSINESS WEEK • Nov. 15, 1947

lication that fair trade advocates
this small increase to be evidence
fair trade pricing protects the con-
sumer from high prices, rather than
raising them.

Is not quite a different implication
ical? That, if the makers of drugs and
metics have been able to absorb, out
profits, the higher costs of labor,
materials, transportation, etc., then their
39 prices were outrageously high—
der fair trade pricing?

C. K. MACDERMUT

9 CHRISTIE ST.,
ONIA, N. J.

Greensboro Boom

Congratulations on the very excellent
article covering the Southeast as a "New
American Market" [BW—Oct.25'47,
3]. Our copy of that particular issue
Business Week is well tattered al-
ready.

Please send us 20 copies of the reprint
and bill us for them . . .

Greensboro is right in the middle of
tremendous expansion at this time,
and we certainly agree that this par-
ticular area of the Southeast is making
rapid progress.

WILLIAM L. BEERMAN, JR.

GREENSBORO CHAMBER OF COMMERCE,
GREENSBORO, N. C.

Single copies of reprints of the South-
east report are available to BW sub-
scribers free—to nonsubscribers for 20¢.
Additional copies will be billed at 20¢
piece, with quantity prices for 11 or
more.

Reprints of the six other regional re-
ports, published earlier, are also avail-
able. A final report covering the whole
U. S. will appear late in December. Re-
prints combining it and all the regional
reports will be ready soon after Jan. 1.

Versatile Package

There are two additional facts about a
new cheese package, Split-Pak [BW—
Oct.11'47,p49], developed for Zausner
Foods, Inc., that may be of interest to
your readers.

(1) This particular package was cre-
ated and developed by Martin Ullman,
Industrial Design, as one phase of the
complete package design for Zausner
Foods, Inc.

(2) The construction involved is read-
ily adaptable for merchandising lines
other than cheese. For instance, it is
well suited to packaging cosmetic com-
bination offers. Zausner Foods, Inc.,
have, of course, exclusive rights to the
Split-Pak for packaging cheese.

A. G. SPITZ

MARTIN ULLMAN,
NEW YORK, N. Y.



How to Cut THE COST OF CLEANING LARGE-AREA FLOORS

You can cut floor-cleaning costs—and in a really big way—by
doing more of the job mechanically! By using equipment that
scrubs and picks up in a single operation, such as the *Finnell*
shown above, one or two operators can do a job better in half the
time it takes a crew of six to eight using separate equipment for
scrubbing and picking up. This *Finnell* Combination Scrubber-
Vacuum is a complete cleaning unit all in one. It applies the scour-
ing powder (or cleaning solution), scrubs, rinses if required, and
picks up. Has a cleaning capacity up to 8,750 sq. ft. per hour!

Finnell makes several Combination Machines for large-area cleaning. And
whether the floors are in corridors of hospitals, schools, or office buildings, or in
factories or textile mills, there's a Combination *Finnell* in a size to provide
maximum brush coverage consistent with floor area and arrangement. The com-
plete *Finnell* line includes equipment for every type of floor care, and for use in
small, congested areas as well as in larger, open places. *Finnell* also makes a full
line of Cleansers specially developed for the greater speed of mechanical scrub-
bing . . . and Waxes, Sealers, and Accessories for every need.

For consultation, literature, or free floor survey, phone or write nearest *Finnell*
branch or *Finnell* System, Inc., 3811 East Street, Elkhart, Indiana. Canadian
Office: Ottawa, Ontario.

FINNELL SYSTEM, INC.

Pioneers and Specialists in
FLOOR-MAINTENANCE EQUIPMENT AND SUPPLIES

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IN ALL
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CITIES

THE TREND

AID TO EUROPE, INFLATION, AND TAXES

President Truman called upon the special session of Congress which convenes Monday to concern itself with control of inflation and aid to Europe. His loyal Republican opposition has added taxes as a major subject of discussion. The session won't be a week old before a score of other issues of large importance will be involved.

However, what Congress does with these three—taxes, European aid, and inflation controls—will prove the crucial part of its performance in the months immediately ahead. Hence, we shall state here a few broad propositions which we believe should govern its handling of these matters. We shall be continuously coming back to all of them in greater detail in the weeks ahead.

EUROPEAN AID

Walter Lippman, who trailed home a couple of hundred congressmen from Europe, reports that the Russians have lost the "cold war," that they know it, and that is why Comrades Vishinsky and Molotov have been cussing us so relentlessly at Lake Success. The idea is that the torrents of abuse flow from Russian frustration.

Reports of this sort can be counted upon to prompt many more Americans to say, "Let's cut this European aid down to a point where the people have enough calories so that we can look our beefsteak in the face without blushing and let it go at that." In doing so they will re-emphasize the probabilities that the aid program will get us (1) no gratitude, (2) no repayment, and (3) a lot of headaches from competitors we've revitalized.

We suspect that Lippmann is mistaken about our victory in the cold war, is confusing a battle with a war. About that, however, we'll know more shortly when Ralph Smith, Business Week editor, gets back from three months all over Europe. But even if the cold war were won, and all of the fears about no gratitude and no pay were also right (as they probably are), we would still favor a program of aid to Europe which would (1) provide decent standards of nourishment, and (2) break a series of crucial industrial bottlenecks. Such a program would probably cost as much as \$15-billion (at present prices) over the next four years.

The purpose of the program to beat Russia and Communism has been overdone. That's an important part of the program. But the more basic and continuing purpose is to give the U. S. A. some international companionship in economic solvency, attained by economic methods and organization not aggressively incompatible with ours. In an international poorhouse, our glittering prosperity hasn't a chance of surviving. If not the noblest, and certainly not the most clearly demonstrable, that is perhaps the most important argument in favor of the Marshall program.

To do its work well, the plan must be sternly adminis-

tered at our end. Also Senator Ball is quite right in saying it should be so geared that aid recipients are given incentives to use the aid effectively to speed recovery. It won't work that way if those countries which work hardest have their aid cut off most promptly, and vice versa.

INFLATION CONTROLS

We can afford any total of aid for Europe which is being seriously considered. As a total it would not complicate our inflationary problems terribly. The trouble is that a few particularly basic products which Europe needs most desperately, such as wheat and steel, are also in very short supply here. That aspect of the aid program is stressed in a Report to Executives on the Marshall Program to appear in Business Week next week. It greatly complicates the European aid problems.

It would be foolish to have our whole economy give another big inflationary twirl because a single key price—that of wheat, had been allowed to run wild. The best way to avoid that danger would be to put on a real grain conservation campaign—to get wheat out of the mouths of hogs—instead of the silly sort of food shuffling program thus far developed. That, however, would involve telling the American people that the big idea of a food saving campaign is to eat less. President Truman apparently finds that elemental idea politically horrifying. So we may stumble and cringe into the necessity of establishing some control over grain prices.

But even specific governmental controls should be adopted only as a last resort, and never, as in the case of steel, when the industry itself has been handling short supplies more effectively than any government agency could do it on short notice. And the possible necessity for a few specific controls should certainly afford no entry for those eager to rush back with general controls. One of the gravest economic troubles with Europe at the moment is too many government controls. We haven't the power to do anything about these controls directly. But we should have the good sense not to emulate them.

TAXES

President Truman argues that nothing should be done now about taxes and tax reduction because of its inflationary impact, particularly when coupled with European aid. That argument has some plausibility, and fits Democratic party political designs. The fact remains that, by a well designed program of tax reform and tax reduction, Congress could go a long way toward paying for the European aid program by improving the performance of our economy. The tax problem should be handled in that economic context, not as a political football—as, alas, it will be handled.

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